

SALEM COUNTY
VOCATIONAL TECHNICAL
SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Salem County Vocational Technical Board of Education

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2015

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Board of Education**

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For the Fiscal Year Ended June 30, 2015

Prepared by

**Salem County Vocational Technical School
Business Office**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1 - 5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9 - 11
Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)	12 - 19

Basic Financial Statements

A.	District-wide Financial Statements:	
	A-1 Statement of Net Position	20
	A-2 Statement of Activities	21
B.	Fund Financial Statements:	
	Governmental Funds:	
	B-1 Balance Sheet	22
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
	Proprietary Funds:	
	B-4 Statement of Net Position	25
	B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
	B-6 Statement of Cash Flows	27
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Position	28
	B-8 Statement of Changes in Fiduciary Net Position	N/A
	Notes to the Financial Statements	29-55
	Required Supplementary Information – Part II	
C.	Budgetary Comparison Schedules (Unaudited):	
	C-1 Budgetary Comparison Schedule – General Fund	56-56c
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (if applicable)	N/A
	C-1b Education Jobs Fund Program-Budget & Actual	N/A
	C-2 Budgetary Comparison Schedule – Special Revenue Fund	57-58

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

Exhibit

	<u>Page</u>
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	59
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	60
L-2 Schedule of District Contributions – PERS	60a
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	60b
Notes to the Required Supplementary Information – Part III	60c
Other Supplementary Information	
D. School Based Budget Schedules (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	61-65
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	66
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	67
F-2(a,b) Schedules(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	68-68a

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

Other Supplementary Information (Continued)	<u>Page</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	69
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	70
G-3 Combining Schedule of Cash Flows	71
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	72
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	73
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	74
I. Long-Term Debt:	
I-1 Statement of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	75
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (Unaudited)

Financial Trends Information/Schedules

J-1 Net Assets by Component	76
J-2 Changes in Net Position	77-78
J-3 Fund Balances - Governmental Funds	79
J-4 Changes in Fund Balances, Governmental Funds	80
J-5 General Fund Other Local Revenue By Source	81

Revenue Capacity Information

J-6 Assessed Value and Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

Debt Capacity Information

J-10 Ratios of Outstanding Debt by Type	82
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

Demographic and Economic Information

J-14 Demographic and Economic Statistics	83
J-15 Principal Employers	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

Other Supplementary Information (Continued)		<u>Page</u>
Operating Information		
J-16	Full-time Equivalent District Employees by Function/Program	84
J-17	Operating Statistics	85
J-18	School Building Information	86
J-19	Schedule of Allowable Maintenance Expenditures by School Facility	87
J-20	Insurance Schedule	88

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	89-90
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Financial Assistance Required by OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	91-92
K-3	Schedule of Expenditures of Federal Awards, Schedule A	93
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	94
K-5	Notes to Schedules of Expenditures of Federal and State Awards	95-96
K-6	Schedule of Findings and Questioned Costs	97-107
K-7	Summary Schedule of Prior Year Audit Findings	108

INTRODUCTORY SECTION

Vocational Technical Schools

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Office of the Business Administrator
880 Route 45
Box 350 Woodstown, NJ 08098-0350

John R. Swain
Superintendent

John Bolil
Business Administrator

November 16, 2015

Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey

The comprehensive annual financial report of the Salem County Vocational Technical School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds and the account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit information. The introductory section includes this transmittal letter, Management's Discussion and Analysis (MD&A), the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 and/or 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Salem County Vocational Technical School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Salem County Vocational Technical Board of Education and all its schools constitute the District's reporting entity. The Salem County Vocational Technical School District is one of the 21 county vocational-technical schools in New Jersey. A list of services provided follows:

- A. Full/Shared-time Career and Technical Education
 - Air Force Junior ROTC (Military Science)
 - Allied Health Professionals

A. Full/Shared-time Career and Technical Education (Cont'd)

- Auto Collision Technology
- Automotive Technology
- Child Care and Early Childhood Education
- Computer Assisted Design and Drafting
- Construction Technology
- Cosmetology
- Culinary Arts
- Electrical Technology
- Graphics Technology
- Information Technology: Computer Hardware and Software
- Law Enforcement and Public Safety
- Welding

B. Salem County Arts, Science and Technology Academies

- Academy of Biological and Medical Science at the Salem County Career and Technical High School
- Academy for Energy Applications at the Salem County Career and Technical High School
- Academy of Creative and Performing Arts
 - Vocal Music – Hosted at Pennsville High School
 - Dance – Hosted at Schalick High School
 - Drama – Hosted at Schalick High School
 - Instrumental Music – Hosted at Pennsville High School
 - Visual Arts – Hosted at Schalick High School
- Academy of Culinary Arts and Hospitality at the Career and Technical High School
- Academy of Engineering and Technology – Hosted at Penns Grover High School
- Academy of Communications and Information Technology – Hosted at Pennsville High School

C. Special Needs Programs

- Career Orientation
- New Jersey Regional Day School at Mannington

D. Post Secondary Programs/Community Education – Allied Health Professions, Medical Assistant, Multi-Skilled Technician, Certified Nurse Aide, Homemakers Home Health, Phlebotomy Technician, Cosmetology.

2. ECONOMIC CONDITION AND OUTLOOK:

Employment in the Salem County Area has experienced modest growth with the expansion of the Pureland Industrial Complex. Lack of transportation for individuals seeking employment continues to be a barrier.

With the relatively high cost of homes in New Jersey, the county's inventory of undeveloped land has become more attractive for housing development, which could lead to an increase in construction employment. The county has experienced a population growth of 3.59% since 2000.

3. MAJOR INITIATIVES:

The Salem County Vocational –Technical School continues to provide an excellent educational experience for Students of Salem and Cumberland Counties.

The 2014-2015 school year saw many programmatic and logistical improvements for the Career and Technical School. The areas of curriculum, business office efficiency, technology, educational space, and staffing were addressed.

Curriculum was addressed to better align with the common core and PARCC Assessment. Title I funding was allocated to create pullout programming for students found to be deficient in the area of math. There was a strong effort to have cross curricular collaboration amongst all courses. There was a strengthening of dual credit courses which permitted students to accumulate college credits through Salem Community College. 2014-2015 saw continued strength in academics as the graduation rate remained consistent at 97% and a college placement of 82%. The TCP program continues to become more robust with increasing enrollment and programming as the partnership between the Career Technical High School and Special Services Districts. The adult education center that provides post-secondary training in the areas of allied health and cosmetology continues to be located at the Salem Community College. Enrollment continues to be stable within the adult education programs. Some adult education programs have been relocated to the One Stop program in Salem City.

The district office reassigned duties and reallocated job responsibilities to assist with the implementation of the EDGE software and NJSMART information system. A registrar/pupil services position was created in order to ensure accurate student accounting and data gathering. The district expects to see significant improvements in internal controls and improved revenue recognition. We implemented a more precise way of expediting purchase orders within the business office. This allows for a more efficient flow of information between the Career Technical High School and the district business office. We have also implemented a more stringent policy regarding sign in sheets for all Title I staff to ensure accurate data for accountability purposes.

Technology infrastructure has been upgraded across the school. A new for optic cable was run to the school which resulted in increased data speeds across the district. The allowed the Career Technical High School to increase bandwidth in preparation of the PARCC assessment. Additional laptops were purchased to accommodate additional students taking standardized assessments. The district also addressed the technology needs of the Communications Academy housed at Woodstown High School. One hundred MAC computers were purchased in order to enhance the coursework at the academy. The district is seeking to enhance all technology in the academics over the next five years. Due to budgetary constraints only one academy per year will be enhanced.

Educational space was addressed by the beginning of construction of 7 classrooms, expanded physical education space, and agricultural greenhouse. Upgrades in the building infrastructure were also begun. The district began the process of upgrading the fire alarm, camera, and emergency generator systems. The 2014-2015 year saw the district focus on many areas that were in need of repair and attention. The district also expanded community opportunities for facility usage (Old Boys Night, Mannington, Quinton, and Woodstown Basketball, Salem County Triad, Salem County Firefighter Graduation, Woodstown Soccer, etc.).

Staffing continued to be stable with only one retirement. All staff continued to be properly certified and complete yearly mandated trainings which are required by law. Staff continues to participate in various professional development opportunities which are discipline specific.

In closing, the district continued to implement the structure laid out in the district long range plans. At this point in time the framework is in place and the plans continue to move forward. 2015-2016 will see continued progress in the district.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with the generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

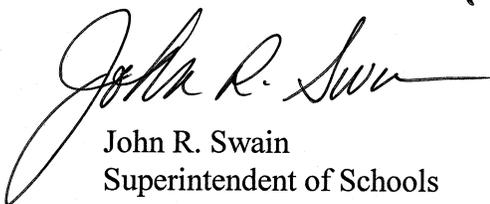
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. The final budget amount as amended for fiscal year 2015 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

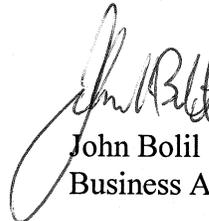
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements", Note 2.

7. **CASH MANAGEMENT:** The investment procedure of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **RISK MANAGEMENT:** The Board participated in Gloucester, Cumberland, and Salem School Districts Joint Insurance Fund and carries various forms of insurance, including, but not limited to, commercial general liability, commercial catastrophic liability and comprehensive/collision, commercial property on all property and contents, commercial inland marine, school board legal liability, worker's compensation and fidelity bonds.
9. **OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of Nightlinger, Colavita & Volpa, P.A. was selected by the Board's audit committee. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 and/or 15-08 OMB. The auditor's report on the basic financial statements and supplementary schedules of expenditures of federal awards and state financial assistance is included in the financial section of this report.
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Special Services School District and Vocational School District of the County of Salem for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby continuing their full support to the development and maintenance of our financial operation. The presentation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

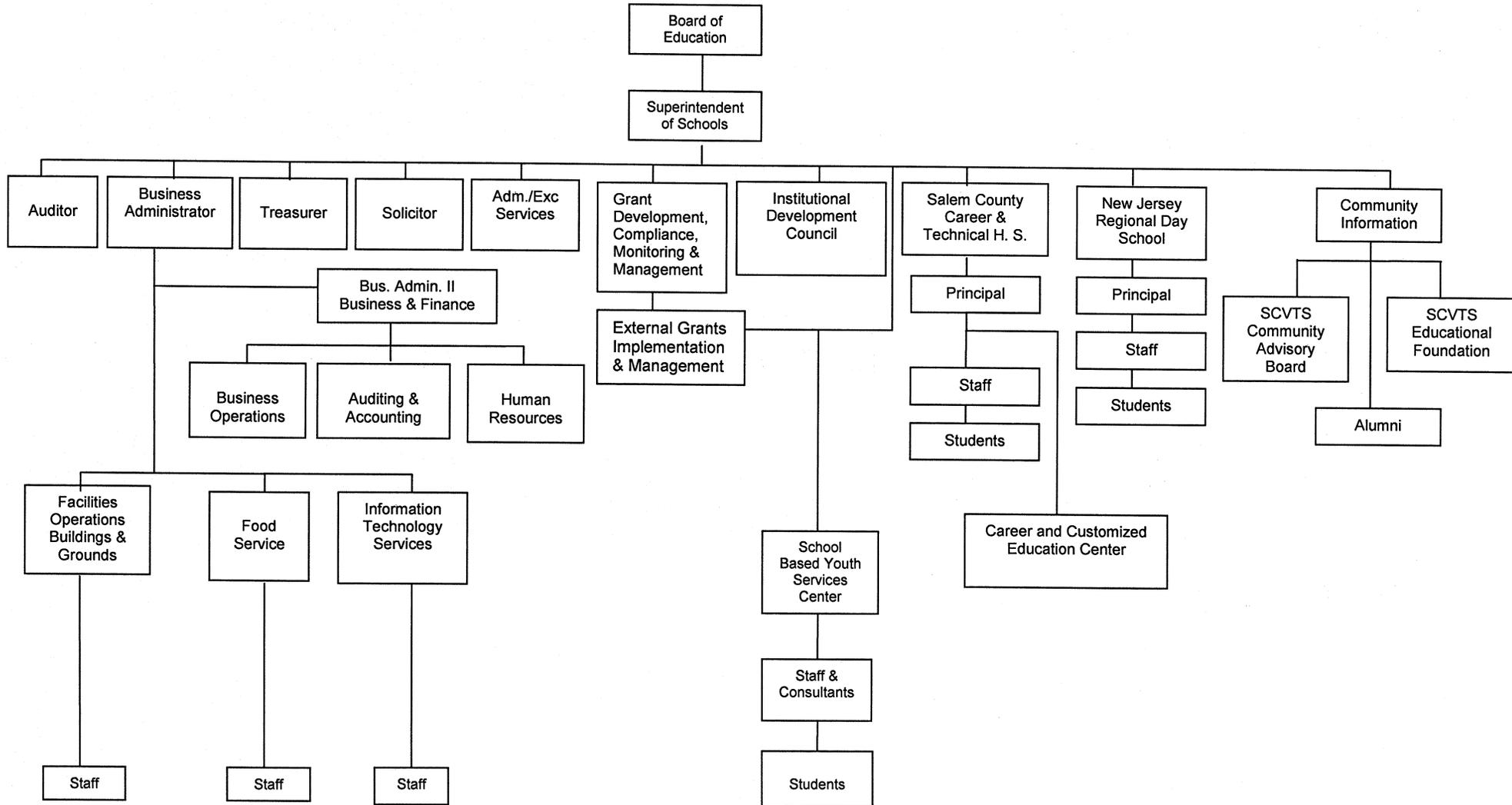


John R. Swain
Superintendent of Schools



John Bolil
Business Administrator

SCVTS Administrative and Organizational Design Overall Organizational Structure



SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
WOODSTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Moffett, President	2018
Earl Ransome, Vice President	2016
James Davis	2017
Daryl Halter, Ex Officio	2017
Linwood Donelson III	2016
Mary Cummings	2018
Margaret Nicolosio - Executive County Superintendent of Schools	
<u>OTHER OFFICIALS</u>	<u>Surety Bond</u>
John R. Swain, Superintendent	
John Bolil, Board Secretary/Business Administrator	\$ 50,000
Treasurer	150,000

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P.A.
P.O. Box 799
Williamstown, New Jersey 08094

BROKER OF RECORD

Gloucester, Cumberland, Salem School Districts
Joint Insurance Fund

MEDICAL INSPECTOR

Woodstown Family Practice
Woodstown, NJ

OFFICIAL DEPOSITORY

Fulton Bank
1 South Main Street
Woodstown, New Jersey 08098

SOLICITOR

Mark Toscano, Esq.
Comegno Law Group, P.C.
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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November 16, 2015

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Salem County Vocational Technical School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Salem County Vocational Technical Board of Education in the County of Salem, State of New Jersey, as of June 30, 2015 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 19 and 56 through 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Vocational Technical Board of Education's financial statements as a whole. The accompanying introductory section and other supplementary information such as combining and individual non-major fund financial statements, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

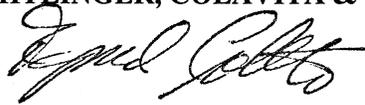
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2015 on our consideration of the Salem County Vocational Technical Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considering in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

The Management's Discussion and Analysis (MD&A) of Salem County Vocational Technical School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key highlights for the fiscal year ended June 30, 2015 are as follows:

- The School District had \$12,367,026 in expenses; \$4,800,744 of these expenses were offset by program specific charges for services, and operating grants and contributions.
- The total assets of the School District exceeded total liabilities by \$8,250,126 (net position).
- Among major funds, the General Fund had \$9,305,450 in revenues and \$9,353,531 in expenditures.

Overview of the Financial Statements

The financial section of this annual report consists of two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures; and Part II, budgetary comparison schedules, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II that contains required supplementary information that further explains and supports the information in the financial statements including: budget schedules, reconciliations and individual fund statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Cont'd)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the School District using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business – type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The Fund financial reports provide detailed information about the School District's major funds. The School District uses several funds to account for a variety of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Special Revenue Fund and the Capital Projects Fund; the School District has no Debt Service Fund or Permanent Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting; which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Cont'd)**

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for the fiscal years ended June 30, 2015 and 2014.

**Table 1
Net position**

	<u>6/30/2015</u>	<u>6/30/2014</u>
Assets		
Current and Other Assets	\$ 4,877,047	\$ 2,040,660
Capital Assets	10,498,224	10,392,969
Total Assets	\$ 15,375,271	\$ 12,433,629
Deferred Outflows of Resources	\$ 290,393	\$
Liabilities		
Other Liabilities	\$ 4,338,158	\$ 693,155
Long-Term Liabilities	2,568,040	2,738,476
Total Liabilities	\$ 6,906,198	\$ 3,431,631
Deferred Inflows of Resources	509,340	
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 7,898,446	\$ 7,627,048
Restricted	3,181,353	588,594
Unrestricted	(2,829,673)	816,577
Total Net Position	\$ 8,250,126	\$ 9,032,219

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Cont'd)

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2015 and 2014.

	6/30/2015	6/30/2014
Revenues		
Program Revenues		
Charges for Services	\$ 3,432,070	\$ 2,868,077
Operating Grants & Contributions	1,368,674	2,166,257
General Revenues		
County of Salem Budget Appropriation	1,828,758	1,792,900
Federal and State Grants Restricted	4,738,192	4,631,699
Miscellaneous Income	3,976,827	60,072
Total Revenues	\$ 15,344,521	\$ 11,519,005
Expenses		
Instruction		
Regular	\$ 1,450,057	\$ 1,392,817
Vocational	3,277,086	3,058,443
School Sponsored Co curricular	20,823	21,868
Student Services		
Attendance & Social Work	88,172	75,312
Health Services	61,459	56,496
Students - Regular	803,389	1,282,486
Improvement of Instruction Services	170,250	135,650
Educational Media/School Library	183,199	219,420
General Administration	287,463	259,662
School Administration	314,382	260,038
Central Services	95,866	279,719
Operation and Maintenance of Plant	1,084,502	852,937
Student Transportation Services	14,538	13,134
Unallocated Benefits	2,840,999	1,453,811
Unallocated Depreciation	451,993	1,452,642
Total Governmental Activities	\$ 11,144,178	\$ 10,814,435

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Cont'd)**

**Table 2
Changes in Net Position Continued**

	<u>6/30/2015</u>	<u>6/30/2014</u>
Food Service	\$ 320,379	\$ 262,300
Regional Day School	527,374	588,610
Summer Enrichment Program		32,885
BCCEC/ETTC	355,677	183,126
The Learning Center	19,418	57,827
	<hr/>	<hr/>
Total Expense Business-Type	\$ 1,222,848	\$ 1,124,748
	<hr/>	<hr/>
Total Expenses	\$ 12,366,141	\$ 11,939,183
Increase (Decrease) in Net Position	2,977,495	(420,178)
Adjustment to Fixed Assets		665,487
Pension Adjustment		(3,759,588)
Beginning Net Position	5,272,631	8,786,910
	<hr/>	<hr/>
Ending Net Position	\$ 8,250,126	\$ 5,272,631
	<hr/> <hr/>	<hr/> <hr/>

Governmental Activities

In 2014-2015 Governmental-Type Activities revenues were \$10,647,176 or 69.4% of total revenues of \$15,344,521.

In 2013-2014 Governmental-Type Activities revenues were \$10,055,765 or 82.3% of total revenues

In 2014-2015 the County of Salem Budget Appropriation made up 17.2% of Governmental-Type Activities revenue. In 2013-2014 the County of Salem Budget Appropriation made up 17.9% of Governmental-Type Activities revenue.

In 2014-2015 Federal and State Aid unrestricted revenue made up 63.2% of Governmental-Type Activities revenue, excluding bond proceeds of \$3,149,364. In 2013-2014 Federal and State Aid unrestricted revenue made 71.4% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures decreased by \$485,226 from 2013-14 to 14-15.

On-behalf pension contributions from the state increased by \$85,577 from 2013-14 to 14-15.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Cont'd)**

Business-Type Activities

In 2014-2015 Business-Type Activities revenues were \$1,385,148 or 9.5% of total revenues. In 2013-2014 Business-Type Activities revenues were \$1,463,240 or 12.7% of total revenues.

Charges for Services for Business-Type Activities were \$1,265,145 in 2014-2015 compared to \$1,341,876 in 2013-2014, which is a 5.7% decrease. This decrease was anticipated by the School District.

Expenses for Business-Type Activities were \$1,222,848 in 2014-2015 compared to \$1,124,748 in 2013-2014, which is an 8.7% increase. This increase was also anticipated by the School District.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,183,815 and expenditures of \$10,718,676. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in an increase of \$2,614,503. This increase is largely attributed to the proceeds from a bond issue by Salem County, in the amount of \$3,149,364.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey law. The most significant budgeted fund is the General Fund.

During the course of the 2014-2015 year, the School District modified its General Fund budget line items numerous times. The net change in the total budget modification was the rollover of the prior year's encumbrances, in the amount of \$65,266.

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$8,442,492 and there were no adjustments. This excludes fund balance appropriated in the amount of \$257,428. The actual revenue was \$9,307,266.

During the 2014-2015 year, the School District budgeted \$1,828,758 for county tax and \$4,610,244 for state aid revenues, respectively. The School District also received \$682,105 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$8,831,199 compared to the original estimate of \$8,699,920.

There was a positive variance in expenditures of \$159,773, excluding reimbursed TPAF Social Security Aid and TPAF Pension Contributions of \$682,105,

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Cont'd)**

Capital Assets

At the end of the fiscal year 2015, the School District had \$10,498,224 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 3 shows a summary of the fiscal years ended June 30, 2015 and 2014.

Table 3

	<u>6/30/2015</u>		<u>6/30/2014</u>
Land	\$ 391,928	\$	391,928
Land Improvements	554,326		590,511
Construction in Progress	776,625		289,593
Buildings & Improvements	8,060,846		8,354,456
Equipment & Furniture	714,499		766,481
Total	<u>\$ 10,498,224</u>	<u>\$</u>	<u>10,392,969</u>

Overall capital assets increased by \$105,255 from fiscal year 2014 to fiscal year 2015. Increases in capital assets by purchase or construction were \$662,356. These additions were offset during the year by depreciation expense of \$555,464 and dispositions of \$1,637.

Debt Administration

The County of Salem provides for most debt administration of the School District.

During the 09-10 school year, the district approved an Energy Savings Lease Purchase in the amount of \$3,190,699, which was subsequently refinanced in the 2013-14 school year. The remaining principle balance on the capital lease was \$2,627,188, as of June 30, 2015.

Current Financial Issues and Concerns

The School District has a long record of financial stability. Despite unpredictable funding from the State of New Jersey, the Salem County Vocational Technical School District provides a full range of educational services for the residents of Salem County. These services include career orientation, career and technical education, specialized arts, science and technology programs, and special education programs. A complete array of post-secondary, community and continuing education courses and programs are offered.

The School District continues to be successful in generating revenues through services and/or enterprises that are offered by the School District. Some of these revenues were generated through numerous enterprise activities that included the operation of a Business, a Corporate, and Customized Education Center. However, it has often been very difficult to operate within the parameter (box) that has been created under the CEIFA funding formula as amended for school districts. The most restrictive aspect of this formula is the limitation of unreserved fund balance of surplus to a maximum of 6%. Because of the nature of the School District's budget; services, programs, and the business-like manner in which the School District is operated, the unreserved balance is key to fiscal flexibility and to the School District's ability to provide funds for student services and programs prior to conventional revenue sources being available. This also has an impact on the School District's ability to apply for and receive grants. Budget issues and budget constraints will continue to be a concern, especially as enrollments fluctuate.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Cont'd)**

Current Financial Issues and Concerns Cont'd

The School District's budget has moderately increased over the last several years. The 2009-10 budget reflected a spending plan of \$7,261,433, as compared to \$8,699,920 for the 2014-15 budget. This represents an increase of 20% over six years and is attributed to salary increases and significant cost increases for health benefits and property insurance.

Enrollments have been increasing steadily at the School District, from 462 in 2005 to 884 in 2014-15.

The Salem County Vocational Technical School District expects continued enrollment growth and is committed to providing an excellent career and technical education opportunities to every student in Salem County who chooses to attend the School District. The School District is committed to providing excellent facilities and equipment. The Board believes that the schools have an excellent teaching staff and support personnel and that Salem County Vocational Technical School District is in a position to be a leading provider of a career and technical education in the 21st Century. Finally, the board is committed to financial excellence and stability.

Contacting the School District's Financial Management

These financial reports are designed to provide our citizens, taxpayers and creditors with a general overview of the School District's finances and to show the accountability for money received from the state and local government. If you have questions about this report or need additional information, contact John R. Swain, Superintendent of Schools at Salem County Vocational Technical Schools, 880 Route 45, Box 350, Woodstown, New Jersey 08098 or email jswain@scvts.org.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 872,144	\$ 690,687	\$ 1,562,831
Receivables, net	2,915,735	327,260	3,242,995
Interfund Receivable	66,820		66,820
Inventories		4,401	4,401
Capital Assets, net (Note 6):	10,498,224		10,498,224
Total Assets	<u>14,352,923</u>	<u>1,022,348</u>	<u>15,375,271</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	262,983		262,983
Deferred Loss on Refinancing of Capital Lease	27,410		27,410
Total Deferred Outflows of Resources	<u>290,393</u>		<u>290,393</u>
LIABILITIES:			
Accounts Payable	99,223	28,080	127,303
Unearned Revenue	44,043	28,213	72,256
Net Pension Liability	3,484,297		3,484,297
Accrued Interest	16,420		16,420
Noncurrent Liabilities (Note 7):			
Due within One Year	637,882		637,882
Due beyond One Year	2,553,226	14,814	2,568,040
Total Liabilities	<u>6,835,091</u>	<u>71,107</u>	<u>6,906,198</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	509,340		509,340
Total Deferred Inflows of Resources	<u>509,340</u>		<u>509,340</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	7,898,446		7,898,446
Restricted for:			
Excess Surplus	216,104		216,104
Capital Reserve	12,200		12,200
Capital Projects	2,953,049		2,953,049
Unrestricted (Deficit)	(3,780,914)	951,241	(2,829,673)
Total Net Position	<u>\$ 7,298,885</u>	<u>\$ 951,241</u>	<u>\$ 8,250,126</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Activities
 For the Fiscal Year Ended June 30, 2015

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,450,057		\$ 338,161	\$ (1,111,896)		\$ (1,111,896)
Regular Vocational	3,277,086	\$ 2,166,925		(1,110,161)		(1,110,161)
School Sponsored Co/Extracurricular Activities	20,823			(20,823)		(20,823)
Undistributed Expenditures and Support Services:						
Attendance & Social Work	88,172			(88,172)		(88,172)
Health Services	61,459			(61,459)		(61,459)
Students - Regular	803,389		495,147	(308,242)		(308,242)
Improvement of Instruction Services	170,250			(170,250)		(170,250)
Educational Media/School Library	183,199			(183,199)		(183,199)
General Administration	287,463			(287,463)		(287,463)
School Administration	314,382			(314,382)		(314,382)
Central Services	95,866			(95,866)		(95,866)
Operation and Maintenance of Plant Services	1,084,502			(1,084,502)		(1,084,502)
Student Transportation Services	14,538			(14,538)		(14,538)
Unallocated Benefits	2,840,999		415,378	(2,425,621)		(2,425,621)
Unallocated Depreciation	451,993			(451,993.00)		(451,993.00)
Total Governmental Activities	11,144,178	2,166,925	1,248,686	(7,728,567)		(7,728,567)
Business-Type Activities:						
Food Service	320,379	178,803	119,988		(21,588)	(21,588)
Salem Campus	527,374	547,187			19,813	19,813
BCCEC/ETTC	355,677	501,317			145,640	145,640
The Learning Center	19,418	37,838			18,420	18,420
Total Business-Type Activities	1,222,848	1,265,145	119,988		162,285	162,285
Total Primary Government	\$ 12,367,026	\$ 3,432,070	\$ 1,368,674	(7,728,567)	162,285	(7,566,282)
General Revenues:						
County of Salem Budget Appropriation				1,828,758		1,828,758
Federal and State Aid Restricted				4,738,192		4,738,192
Prior Year Accounts Receivable Adjustments					(103,414)	(103,414)
Bond Proceeds				3,149,364		3,149,364
Loss on Disposal of Capital Assets				(1,637)		(1,637)
Miscellaneous Income				932,499	15	932,514
Total General Revenues				10,647,176	(103,399)	10,543,777
Change in Net Assets				2,918,609	58,886	2,977,495
Net Position -- July 1 (Restated)				4,380,276	892,355	5,272,631
Net Position -- June 30				\$ 7,298,885	\$ 951,241	\$ 8,250,126

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 159,266	\$ 14,212	\$ 1,055,727	\$ 1,229,205
Accounts Receivable:				
State Government	23,667	1,500		25,167
Federal Government		251,135		251,135
Other	740,069		1,899,364	2,639,433
Interfund Accounts Receivable	168,518	12,605		181,123
Total Assets	\$ 1,091,520	\$ 279,452	\$ 2,955,091	\$ 4,326,063
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable:				
State Government	\$ 22,476	\$ 24,699	\$	\$ 47,175
Federal Government		17,088		17,088
Other	28,829	4,341	1,790	34,960
Interfund Payable	278,786	192,326	252	471,364
Loan Payable	460,334			460,334
Unearned Revenue	3,045	40,998		44,043
Total Liabilities	793,470	279,452	2,042	1,074,964
Fund Balances:				
Restricted for:				
Capital Reserve Account	12,200			12,200
Excess Surplus	187,855			187,855
Excess Surplus - Designated For Subsequent Year's Expenditures	28,249			28,249
Assigned:				
Year-End Encumbrances	10,391		2,626,571	2,636,962
Unassigned, Reported In:				
General Fund	59,355			59,355
Capital Projects Fund			326,478	326,478
Total Fund Balances	298,050		2,953,049	3,251,099
Total Liabilities and Fund Balances	\$ 1,091,520	\$ 279,452	\$ 2,955,091	
Amounts reported for governmental activities in the statement of Net Position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,544,669 and the accumulated depreciation is \$10,046,445				10,498,224
Deferred Outflow of Resources - Deferred Amount on Refinanced Debt				27,410
Deferred Outflow of Resources - Deferred Pension Contribution				262,983
Deferred Inflows of Resources - Pension Actuarial Gains				(509,340)
Long Term Net Pension Liability				(3,484,297)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(2,747,194)
Net Position of governmental activities				\$ 7,298,885

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
County of Salem Budget Appropriation	\$ 1,828,758	\$	\$	\$ 1,828,758
Tuition Charges	2,166,925			2,166,925
Miscellaneous	18,982	14,003	252	33,237
State Sources	5,290,785	152,397		5,443,182
Federal Sources		711,713		711,713
Total Revenues	9,305,450	878,113	252	10,183,815
EXPENDITURES:				
Current:				
Regular Instruction	1,097,942	338,161		1,436,103
Regular Vocational	3,193,145			3,193,145
School Sponsored Co/Extracurricular Activities	20,823			20,823
Undistributed Expenditures and Support Services:				
Attendance & Social Work	88,172			88,172
Health Services	61,459			61,459
Students - Regular	308,242	495,147		803,389
Improvement of Instruction Services	170,250			170,250
Educational Media/School Library	183,199			183,199
General Administration	284,805			284,805
School Administration	314,382			314,382
Central Services	95,866			95,866
Operation and Maintenance of Plant Services	1,089,659			1,089,659
Student Transportation Services	14,538			14,538
Unallocated Benefits	1,449,471			1,449,471
On Behalf Contributions	682,105			682,105
Capital Outlay	299,473	44,805	487,032	831,310
Total Expenditures	9,353,531	878,113	487,032	10,718,676
Excess (Deficiency) of Revenues over Expenditures	(48,081)		(486,780)	(534,861)
OTHER FINANCING SOURCES (USES):				
Interest Transferred from Capital Projects Fund	252		(252)	
Bond Proceeds			3,149,364	3,149,364
Total Other Financing Sources and Uses	252		3,149,112	3,149,364
Net Change in Fund Balances	(47,829)		2,662,332	2,614,503
Fund Balance -- July 1	345,879		290,717	636,596
Fund Balance -- June 30	<u>\$ 298,050</u>	<u>\$</u>	<u>\$ 2,953,049</u>	<u>\$ 3,251,099</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2015

Total Net Change in Fund Balances - Governmental Funds		\$ 2,614,503
 Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
 Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense		\$ (555,464)
Capital Outlays		662,356
Loss on Disposal of Capital Assets		<u>(1,637)</u>
		105,255
In the Statement of Activities, interest expense on debt service is accrued, while only payments are charged as expenditures in the budget basis financial statements		10,886
In the Statement of Activities, Amortization of the Deferred Loss on Refinanced Debt is expensed, regardless of when the Debt was Refinanced		(2,811)
Repayment of Capital Lease Principal is an Expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities. Capital Lease Principal		168,954
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.		28,934
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>(7,112)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 2,918,609</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Net Position
 Proprietary Funds
 June 30, 2015

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	
ASSETS:								
Current Assets:								
Cash and Cash Equivalents	\$ 6,390	\$ 54,207	\$ 18,388	\$ 51,262	\$ 253,704	\$ 10,847	\$ 17,103	\$ 411,901
Accounts Receivable:								
State	235							235
Federal	7,647							7,647
Other	732		32		240,339			241,103
Interfund	41,364				316,897			358,261
Inventories	4,401							4,401
Total Current Assets	<u>60,769</u>	<u>54,207</u>	<u>18,420</u>	<u>51,262</u>	<u>810,940</u>	<u>10,847</u>	<u>17,103</u>	<u>1,023,548</u>
Noncurrent Assets:								
Site Improvements								
Building								
Equipment								
Accumulated Depreciation								
Total Noncurrent Assets								
Total Assets	<u>60,769</u>	<u>54,207</u>	<u>18,420</u>	<u>51,262</u>	<u>810,940</u>	<u>10,847</u>	<u>17,103</u>	<u>1,023,548</u>
LIABILITIES:								
Current Liabilities:								
Accounts Payable	6,035				22,045			28,080
Interfund Payable	1,200							1,200
Unearned Revenue					28,213			28,213
Compensated Absences Payable		14,814						14,814
Total Current Liabilities	<u>7,235</u>	<u>14,814</u>			<u>50,258</u>			<u>72,307</u>
Net Position:								
Unrestricted	53,534	39,393	18,420	51,262	760,682	10,847	17,103	951,241
Total Net Position	<u>\$ 53,534</u>	<u>\$ 39,393</u>	<u>\$ 18,420</u>	<u>\$ 51,262</u>	<u>\$ 760,682</u>	<u>\$ 10,847</u>	<u>\$ 17,103</u>	<u>\$ 951,241</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Propriety Funds
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2015

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ETTC Program	Transitional Production Workshop	School Based Youth Services	
OPERATING REVENUES:								
Charges for Services:								
Daily Sales - Reimbursable Programs	\$ 114,573							\$ 114,573
Daily Sales - Non-Reimbursable Programs	18							18
Tuition		547,187	37,838					585,025
Other Revenue	64,212				501,317			565,529
Total Operating Revenues	178,803	547,187	37,838		501,317			1,265,145
OPERATING EXPENSES:								
Salaries	113,271	518,323	17,478		204,833			853,905
Employee Benefits					97,103			97,103
Cost of Sales	17,337							17,337
Purchased Educational Services					19,787			19,787
Purchased Technical Services	166,474	9,051			150			175,675
Travel					3,180			3,180
Other Purchased Services					2,014			2,014
General Supplies	7,918		1,940		20,592			30,450
Textbooks					8,018			8,018
Miscellaneous	15,379							15,379
Total Operating Expenses	320,379	527,374	19,418		355,677			1,222,848
Operating Income / (Loss)	(141,576)	19,813	18,420		145,640			42,297
NONOPERATING REVENUES (EXPENSES):								
State Sources:								
State School Lunch Program	2,416							2,416
Federal Sources:								
Food Distribution Program	17,337							17,337
National School Lunch Program	81,695							81,695
National School Breakfast Program	18,540							18,540
Interest and Investment Revenue	15							15
Total Non-operating Revenues (Expenses)	120,003							120,003
OTHER FINANCING USES:								
Change in Net Position	(21,573)	19,813	18,420		145,640			162,300
Prior Year Accounts Receivable Adjustments					(103,414)			(103,414)
Net Position -- July 1	75,107	19,580		51,262	718,456	10,847	17,103	892,355
Net Position -- June 30	\$ 53,534	\$ 39,393	\$ 18,420	\$ 51,262	\$ 760,682	\$ 10,847	\$ 17,103	\$ 951,241

The accompanying Notes to the Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Proprietary Funds
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2015

	Business Type Activities- Enterprise Funds							Totals
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ETTC Program	Transitional Production Workshop	School Based Youth Services	
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 137,076	\$ 547,187	\$ 39,896	\$ -	\$ 475,386	\$ -	\$ -	\$ 1,199,545
Payments to Employees	(113,271)	(518,323)	(19,418)		(204,833)			(855,845)
Payments for Employee Benefits					(97,103)			(97,103)
Payments to Suppliers	(217,896)	(9,051)			(56,263)			(283,210)
Net Cash Provided by (used for) Operating Activities	(194,091)	19,813	20,478		117,187			(36,613)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
State Sources	2,499							2,499
Federal Sources	118,791							118,791
Net Cash Provided by (used for) Non-Capital Financing Activities	121,290							121,290
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest and Dividends	15							15
Net Cash Provided by (used for) Investing Activities	15							15
Net Increase (Decrease) in Cash and Cash Equivalents	(72,786)	19,813	20,478		117,187			84,692
Cash and Cash Equivalents -- July 1	79,176	34,394	(2,090)	51,262	136,517	10,847	17,103	327,209
Cash and Equivalents -- June 30	\$ 6,390	\$ 54,207	\$ 18,388	\$ 51,262	\$ 253,704	\$ 10,847	\$ 17,103	\$ 411,901
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	(141,576)	19,813	18,420		145,640			42,297
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Transfer								
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	(363)		2,058		(20,119)			(18,424)
Interfund Receivable (Increase)/Decrease	(41,364)				(5,812)			(47,176)
Inventory (Increase)/Decrease	4,592							4,592
Accounts Payable Increase/(Decrease)	6,035				(2,422)			3,613
Deferred Revenue Increase/(Decrease)	(2,765)				(100)			(2,865)
Compensated Absences Payable Increase/(Decrease)								
Due to General Fund Increase/(Decrease)	(18,650)							(18,650)
Net Cash Provided by (used for) Operating Activities	\$ (194,091)	\$ 19,813	\$ 20,478	\$ -	\$ 117,187	\$ -	\$ -	\$ (36,613)

The accompanying Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 28,814	\$ 54,215
Total Assets	<u>\$ 28,814</u>	<u>\$ 54,215</u>
LIABILITIES:		
Payable to Student Groups	\$ 16,209	\$
Due to General Fund		54,215
Due to Special Revenue	12,605	
Total Liabilities	<u>\$ 28,814</u>	<u>\$ 54,215</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Salem County Vocational Technical School District (hereafter referred to as the "School District") is a Type I district located in the County of Salem, State of New Jersey. The Board is comprised of eight members; seven of them are appointed to four-year terms by the Salem County Board of Chosen Freeholders and one is a statutory appointment. The terms are staggered so that at least one member's term expires each year. The purpose of the School District is to provide a full range of educational services for the residents of Salem County. The School District had an approximate enrollment at June 30, 2015 of 884 students.

The Agency is considered to be a "Component Unit" of the County Of Salem under GAAP. This determination is based on the oversight responsibility of the County, which manifests itself primarily in the selection of District Board members, the accountability on fiscal matters, the approval for debt authorizations and the determination of county tax provided by the county.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities require to be include in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units – GASB Statement No. 14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District is a component unit of the County of Salem. These financial statements would be either blended or discreetly presented as part of the County's financial statements if the County reported using generally accepted accounting principles applicable to governmental entities. The following organization is considered a component unit of the School District; however, the School District has determined that it is not significant and, therefore, has not been included in the basic financial statements:

Salem County Vocational Technical School Foundation
880 Route 45
Woodstown, New Jersey 08098

Requests for financial information should be addressed to the organization listed above.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued and Adopted Accounting Pronouncements:

The district adopted the following GASB statements:

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 67, however, does not have any impact on the School District's financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the School District's.
- In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 69, *Government Combinations and disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation:

The financial statements of the Board of Education (Board) of Salem County Vocational Technical School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Board's accounting policies are described in this Note.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*. The implementation of these statements had no effect on equity balances as previously reported.

The School District's basic financial statements consist of government-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of Net Position and the statement of activities display information about the School District as a whole. These statements include financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between those activities of the School District that are *governmental* and those that are considered *business-type activities*. Governmental activities generally are financed through county taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of Net Position presents the financial condition of the governmental and business-type activities of the School District at the fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activity of the School District.

- Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expense to functions in the statement of activities.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and (c) contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is used to support a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation (Cont'd):

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds, *governmental*, *proprietary*, and *fiduciary*. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources, rather than upon net income. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

In addition to the capital outlay sub-fund, the School District is accountable for additional sub-funds resulting from federal legislation signed into law. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds, if any. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. In addition, the Education Jobs Fund Program will require an additional sub-fund to be used for expenses in accordance with the education jobs compliance supplement within the federal OMB 133.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Governmental Funds (Cont'd):

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, other than major capital projects, debt service, enterprise funds and local appropriations, legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Permanent Fund – The permanent fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students. The School District does not have a permanent fund.

C. Proprietary Fund Type:

Proprietary Funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

Enterprise Funds - The Enterprise Funds are utilized to account for operations: (1) financed and operated in a manner similar to private businesses, where the intent of the School District is that the costs (expenses including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, (2) where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The School District's enterprise funds are:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the School District.

Salem Campus Special Service Fund – This fund accounts for the financial activity that was under a contract with the N. J. Dept. of Education, designed to serve up to 100 multiple and or low incident disabled students from the Cumberland, Gloucester and Salem Counties, previously named Regional Day School Fund. This activity was transferred to the Salem County Special Services District.

The Learning Center – This fund accounts for the financial transactions related to the learning center operations provided by the school on a tuition basis.

Summer Enrichment Program Fund – This fund accounts for financial activity related to providing a six week summer program at the districts Regional Day School.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Proprietary Fund Type (Cont'd):

Enterprise Funds (Cont'd):

Transitional Productions Workshop Fund – This fund accounts for the financial activity related to the printing of brochures, newsletters and invitations. These services are provided to schools, businesses, and civic organizations. The workshop is offered through the Regional Day School to prepare students for entry careers in the duplicating and printing industries.

Business and Corporate and Customized Education Center Fund / Educational Technology Training Center (BCCEC/ETTC) – This fund accounts for the financial activity related to the professional development and technology training to school districts and employers in the greater Cumberland, Gloucester and Salem County communities.

School Based Youth Services Center Fund – This fund accounts for the financial activity related to services provided to at-risk in and out of school youth through programs at a teen center. Fees are provided by local K-12 school districts to support the program.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

D. Fiduciary Funds – Fiduciary fund reporting focuses on Net Position and changes in Net Position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held but the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds, which bare a student activity fund, and a payroll fund. A description of permitted fiduciary funds is a follows:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The district does not currently maintain an Expendable Trust Fund.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

D. Fiduciary Funds (Cont'd):

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

E. Measurement Focus:

District-wide Financial Statements – The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liability associated with the operation of the School District are included on the statement of Net Position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of changes in fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

F. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Basis of Accounting (Cont'd):

Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities for the current fiscal year. For the School District, available means expected to be received within thirty days of the fiscal year-end.

Non- exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute. A municipality is required to remit to its School Districts the entire balance of taxes in the amount voted upon or certified prior to the end of the school year.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Basis of Accounting (Cont'd):

Revenues – Exchange and Non-Exchange Transactions (Cont'd) - The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The school District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the fiscal year when the resources are required to be used or the year resources to be used for a specified purpose, and expenditure requirements, in which the resources are provide to the School District on a reimbursement basis. Restricted formula aids, which include *Demonstrably Effective Program Aid*, and *Instructional Supplement Program Aid* are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditure. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, fees, and rentals.

Expenses / Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in government funds.

G. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-2.13.3.

The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

G. Budgets/Budgetary Control (Cont'd):

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1 and Exhibit C-2, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the one or more June state aid payments.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Cash, Cash Equivalents and Investments:

Cash and cash equivalents, for all funds, include petty cash change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Cash, Cash Equivalents and Investments (Cont'd):

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in public depositories unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

J. Tuition Receivable:

Tuition charges were established by the Board of Education based on contracts with the sending districts.

K. Tuition Payable:

There were no tuition charges or adjustments for the fiscal year under audit.

L. Inventories:

Inventories, which benefit future periods other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase rather than when consumed. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

M. Prepaid Expenses:

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types, represent payments made to vendors for services that will benefit periods beyond June 30th.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

N. Short -Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. These amounts are eliminated in the governmental business-type columns of the statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

O. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of Net Position and the proprietary fund of the Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received the School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business - Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	10-50 Years
Furniture and Equipment	5-20 Years	12 Years
Vehicles	5-10 Years	4-6 Years

P. Deferred Expenditures:

Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

Q. Accrued Salaries and Wages:

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in separate bank accounts.

R. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

R. Compensated Absences (Cont'd):

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability. The entire amount of compensated absences is reported on the government-wide financial statements.

S. Unearned Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied and generally in the special revenue fund.

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

U. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

V. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. All payables, accrued liabilities and long term obligations payable from the proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial resources as obligations of funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

W. Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

X. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, emergency reserves and debt service reserves. Effective in the 2011-12 fiscal year, June 30, 2012 fund balances are to be categorized as Restricted, Committed, Assigned or Unassigned, in accordance with GASB 54.

Y. Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Z. Operating and Non- Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service program, tuition for the Regional Day School and Summer Enrichment Programs, fees for training and educational programs for the BCCEC/ETTC Program and the School Based Youth Services Program, and fees collected from other Districts regarding coordinated services for the Consolidated Services Fund. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. Non-operating expenses principally include expenses attributable to the School District's proprietary funds.

AA. Interfund Activity:

Transfers between governmental and business-type activities on the governmental-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues/ expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures, expenses to the funds that initially paid for them are not presented on the financial statements.

AB. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

AB. Revenues – Exchange and Non-exchange Transactions (Cont'd):

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

AC. Bond and Lease Acquisition Costs:

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no unamortized costs as of June 30, 2015.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Custodial Credit Risk Related to Deposits:

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, the District's bank balance of \$2,813,893 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		2,563,893
	\$	2,813,893

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education of the Salem County Vocational and Technical School District by inclusion of \$456,605 in the 1996-97 capital budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the excess approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal years is as follows:

Beginning Balance July 1, 2014	\$12,200
Increased by – Interest Earnings	<u>0</u>
Ending Balance June 30, 2015	<u>\$12,200</u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2015 is \$1,594,328.

NOTE 5. ACCOUNTS RECEIVABLES

Accounts Receivables at June 30, 2015 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. As of year-end, the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:					
State and Federa \$	23,667 \$	252,635 \$		7,882 \$	284,184
Other	740,069		1,899,364	241,103	2,880,536
Total	<u>\$ 763,736</u>	<u>\$ 252,635</u>	<u>\$ 1,899,364</u>	<u>\$ 248,985</u>	<u>\$ 3,164,720</u>

NOTE 6. INVENTORY

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 3,069
Supplies	<u>1,332</u>
	<u>\$ 4,401</u>

The value of Federal donated commodities, where reflected on Schedule A-2 (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase has been included as an item of non-operating revenue in the financial statements. The district received \$17,335 in federal commodities during the 2014-2015 school year, which was consumed during operations.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 391,928			\$ 391,928
Land Improvements	1,045,436		\$ (77,600)	967,836
Building and Improvements	14,820,732			14,820,732
Construction in Progress	289,593	\$ 487,032		776,625
Equipment	3,412,224	175,324		3,587,548
Total Historical Cost	19,959,913	662,356	(77,600)	20,544,669
Less accumulated depreciation for :				
Land Improvements	(454,925)	(34,548)	75,963	(413,510)
Building and improvements	(6,466,276)	(293,610)		(6,759,886)
Equipment	(2,645,743)	(227,306)		(2,873,049)
Total accumulated depreciation	(9,566,944)	(555,464)	75,963	(10,046,445)
Government activities capital assets, net	\$ 10,392,969	\$ 106,892	\$ (1,637)	\$ 10,498,224
				To A-1
Business-Type Activities -				
Business-Type Activities				
Capital Assets - Net	\$ -	\$ -	\$ -	\$ -

*Depreciation expense was charged to government functions as follows:

Instruction- Regular	\$ 13,954
Instruction- Vocational	83,941
Plant Operations and Maintenance	2,918
General Administration	2,658
Unallocated	451,993
Total Depreciation Expense	\$ 555,464

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Capital Lease Payable	\$ 2,796,142	\$	\$ (168,954)	\$ 2,627,188	\$ 177,548	\$ 2,449,640
Short-Term Loan Payable		460,334		460,334	460,334	
Compensated Absences	96,474	7,112		103,586		103,586
Governmental Activity Long Term Liabilities	<u>\$ 2,892,616</u>	<u>\$ 467,446</u>	<u>\$ (168,954)</u>	<u>\$ 3,191,108</u>	<u>\$ 637,882</u>	<u>\$ 2,553,226</u>
Business-Type Activities:						
Compensated absences payable	\$ 14,814	\$	\$	\$ 14,814	\$	\$ 14,814

A. Bonds Payable - Bonds and Loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

The District is organized as a Type 1 School District under New Jersey Statutes; therefore long-term debt is accounted for and financed by the County of Salem. The following is presented for "Memorandum Only" purposes.

Year Ending June 30	Principal	Interest	Total
2016	\$ 115,000	\$ 25,250	\$ 140,250
2017	125,000	19,500	144,500
2018	130,000	13,250	143,250
2019	135,000	6,750	141,750
	<u>\$ 505,000</u>	<u>\$ 64,750</u>	<u>\$ 569,750</u>

Bonds Authorized But Not Issued – As of June 30, 2015, the School District had no authorizations to issue additional bonded debt.

Compensated Absences – Compensated absences will be paid from the fund from which the employees' salaries are paid.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8. GENERAL LONG-TERM DEBT (CONT'D)

B. Capital Leases Payable – The School District was financing Energy Saving upgrades with a 15 year Capital Lease totaling \$3,190,699. In April 2014, the School District elected to refinance the Capital Lease, which reduced the interest rate from 4.74% to 3.00% at a premium of \$30,923 that will be amortized over 11 years. The following is a schedule of the future minimum lease payments at June 30, 2015:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 177,548	\$ 77,494	\$ 255,042
2017	193,882	72,046	265,928
2018	211,111	66,101	277,212
2019	229,278	59,633	288,911
2020	248,427	52,612	301,039
2021	268,602	45,009	313,611
2022	289,853	36,792	326,645
2023	312,229	27,930	340,159
2024	335,783	18,388	354,171
2025	360,475	8,130	368,605
	<u>\$ 2,627,188</u>	<u>\$ 464,135</u>	<u>\$ 3,091,323</u>

C. SHORT-TERM LOAN

There was also a short-term loan, resulting from the timing difference in the 19th and 20th state aid payments and other receivables. The loan was approved in the amount of \$460,334 for principal and \$656 for interest through July 8, 2015.

NOTE 9. AMORTIZATION OF DEBT REFINANCE

The School District elected to implement GASB Statement No. 65 during the 2012-13 year under audit and as a result, has reflected Capital Lease Debt Refinancing Cost as a Deferred Outflow of Resources on the Statement of Net Position, net of the portion amortized, as a component of interest expense over the life of the debt. During the 2014-15 School Year, \$2,811 of Debt Refinancing Costs was amortized, resulting in a balance in Deferred Outflows of Resources of \$27,410, as of June 30, 2015.

NOTE 10. OPERATING LEASES

During the 2014-15 year, a lease agreement was signed for the use of four rooms and two office spaces within the Salem Community College. The lease agreement is in effect for the period of July 1, 2015 through June 30, 2016, with annual rent due as follows:

Area	Amount
Four Rooms	\$ 21,174
Two Offices	10,000
Total	<u>\$ 31,174</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10. OPERATING LEASES (CONT'D):

The District has two outstanding lease agreements for copiers. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2016	\$ 10,140
2017	10,140
2018	10,140
2019	10,140
Total	<u>\$ 40,560</u>

NOTE 11. PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

P.L. 2011, c. 78, effective October 2011, set new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this legislation's effective date with a minimum contribution required to be at least 1.5 percent of salary.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund is a cost sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members is determined by State Statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF are required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11. PENSION PLANS (CONT'D)

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over several preceding fiscal years.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-multiple-employer defined benefit pension plan, which was established as of January 1, 1955. Vesting a benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members is determined by State Statute. In accordance with Chapter 62, PL 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District is billed annually for its normal contribution plus any accrued liability.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2015, the District recognized pension expense of \$154,303. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	109,565	
Net difference between projected and actual earnings on pension plan investments		207,645
Changes in proportion and differences between District contributions and proportionate share of contributions		301,695
District contributions subsequent to the measurement date	153,418	
Total	\$ 262,983	\$ 509,340

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11. PENSION PLANS (CONT'D)

\$109,565 reported as deferred outflows of resources related to pensions resulting from school district subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at June 30, 2013 and 2014 are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Collective deferred outflows of resources	\$ 1,032,618,058	\$
Collective deferred inflows of resources	1,726,631,532	
Collective net pension liability	14,665,837,859	15,190,834,283
 District's Proportion	 1.86099811%	 2.04787237%

Vesting and Benefit Provisions - Vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and generally determined to be 1/60 of the final average salary for each year of defined service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of defined qualified service or under disability provisions of the System. Members are always fully vested for their own contributions and after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$168,017 to the TPAF for Pension Contribution and \$266,727 for post-retirement benefits and nothing for normal contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$237,567 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, PL 2007 and Chapter 103, PL 2007 (NJSA 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, PL 2008 and Chapter 1, PL 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit. Vesting provisions are established by NJSA 43:15C-1 et. seq.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11. PENSION PLANS (CONT'D)

Defined Contribution Retirement Program (Continued) – The contribution requirements of plan members are determined by State Statute. In accordance with Chapter 92, PL 2007 and Chapter 103, PL 2007, plan members were required to contribute 5.5% of their annual covered salary.

The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

NOTE 12. POST-EMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 13. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, a liability existed for compensated absences in the General Fund of \$103,586 and \$14,814 in the Regional Day Care Fund.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators were Prudential, Securities, Equitable, Lincoln Investments and Travelers.

NOTE 15. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Pool – The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The Fund provides the School District with the following coverage:

- Property (Including Crime and Auto Physical Damage)
- General Liability
- Automobile Liability
- Workers' Compensation
- Educator's Legal Liability
- Boiler and Machinery
- Pollution Legal Liability

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year. The Fund publishes its own financial report for the year ended June 30, 2015, which can be obtained from the following address:

GCSSDJIF
P.O. Box 449
Marlton, New Jersey 08053

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2015:

Fund	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	\$ 168,518	\$ 278,786
Special Revenue Fund	12,605	192,326
Capital Project Fund		252
Enterprise Fund	358,261	1,200
Fiduciary Funds		66,820
Total	<u>\$ 539,384</u>	<u>\$ 539,384</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17. DEFICIT FUND BALANCES

The School District does not have a deficit fund balance in the General Fund or Special Revenue Fund, as of June 30, 2015 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The Statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one records the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements is less than the June state aid payments.

NOTE 18. DEFICIT IN UNRESTRICTED NET POSITION

The governmental activities had a deficit in unrestricted Net Position of \$3,780,914, shown on Exhibit A-1, as of June 30, 2015. The deficit is attributable to the allocation of compensated absences balances payable to unrestricted Net Position as well as result from a delay in the June payments of state aid until the following fiscal year and other items.

NOTE 19. FUND BALANCE APPROPRIATED

General Fund - Of the \$298,050 General Fund balance at June 30, 2015, \$10,391 is assigned for encumbrances; \$216,104 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$28,249 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$12,200 has been restricted in the Capital Reserve Account; and \$59,355 is unreserved and undesignated.

Legally Restricted

Restrictions of fund balances of governmental funds are established to either (1) satisfy the legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance are summarized below:

Legally Restricted for Capital Reserve Account – As of June 30, 2015, the balance in the capital reserve account is \$12,200. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Committed For Encumbrances – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2015, \$10,391 has been restricted for this purpose.

Unassigned - General Fund – The budgetary basis unassigned general fund balance at June 30, 2015 is \$520,286.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 20. CALCULATION OF EXCESS SURPLUS

The designation of reserved fund balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance on a budgetary basis at June 30, 2015 is \$216,104, of which \$187,855 and will be appropriated and anticipated as revenue in the 2016-17 budget.

NOTE 21. LITIGATION

The District is not involved in any lawsuit incidental to its operations and the administration and legal council are not aware of any matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

NOTE 22. MERGE OF THE SALEM COUNTY SPECIAL SERVICES BOARD OF EDUCATION AND THE SALEM COUNTY VO-TECH BOARD OF EDUCATION

Effective, July 1, 2009, the Salem County Board of Chosen Freeholders adopted a resolution to disband the Salem County Special Services Board of Education and the Salem County Vo-Tech Board of Education, instituting a new Board named "The Board of Education for the Vocational School District and the Special Services School District for the County of Salem".

NOTE 23. SALEM CAMPUS SPECIAL SERVICES

In the 2012-13 school-year, various services, previously maintained in Salem Campus Special Service Fund of the Salem County Vocational Technical School District, were transferred to the Salem County Special Services School District and it was necessary to reflect an intergovernmental charge, in order to reasonably match revenue against expenses in both school districts. During the 2013-14 school-year, the remaining activity, as well as the residual assets, were transferred from the Salem County Vocational Technical School District Salem Campus Special Service Fund to a separate fund in the Salem County Special Services School District.

NOTE 24. IMPROVEMENTS TO THE SALEM COUNTY CAREER AND TECHNICAL HIGH SCHOOL

On December 3, 2014, a Bond Ordinance, in the amount of \$3,149,364 was approved by the Salem County Board of Chosen Freeholders, for the purpose of funding various capital improvements to the Salem County Career and Technical High School. As of June 30, 2015, the District has received \$1,250,000 of the total appropriation, with the remaining balance of \$1,899,364 reflected as Accounts Receivable on the Balance Sheet of the Capital Projects Fund.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 21. RETRO ACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71- Pension Transition for Contributions Made Subsequent to the Measurement Date, the district restated to its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Beginning net position as previously reported at June 30, 2014	\$8,139,864
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability (measurement date)	(3,913,891)
Net Deferred Outflows	<u>154,303</u>
Net Position as restated, July 1, 2014	<u>\$4,380,276</u>

End of Notes to Financial Statements

BUDGETARY COMPARISON SCHEDULES

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
Unaudited

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County of Salem Budget Appropriation	\$ 1,828,758	\$ -	\$ 1,828,758	\$ 1,828,758	\$ -
Tuition Charges - In County	1,087,500		1,087,500	1,294,635	207,135
Tuition Charges - Out of County	915,490		915,490	872,290	(43,200)
Unrestricted Miscellaneous Revenue	500		500	19,234	18,734
Total - Local Sources	3,832,248		3,832,248	4,014,917	182,669
State Sources:					
Categorical Aid					
Equalization Aid	4,180,454		4,180,454	4,180,454	
Categorical Special Education Aid	391,823		391,823	391,823	
Categorical Security Aid	22,326		22,326	22,326	
PARCC Readiness Aid	7,820		7,820	7,820	
Per Pupil Growth Aid	7,820		7,820	7,820	
Additional Adjustment Aid	1		1	1	
Other State Aid					
Reimbursed TPAF Social Security Contributions (non-budgeted)				247,361	247,361
On-behalf TPAF pension contributions (non-budgeted)				168,017	168,017
On-behalf TPAF pension post-retirement med'l contrib (non-budgeted)				266,727	266,727
Total - State Sources	4,610,244		4,610,244	5,292,349	682,105
Total Revenues	8,442,492		8,442,492	9,307,266	864,774
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	1,030,570	5,354	1,035,924	1,035,923	1
Purchased Professional-Educational Services	41,310	(7,499)	33,811	33,810	1
Purchased Technical Services	6,000	(5,719)	281	280	1
Other Purchased Services	2,050	116	2,166	2,165	1
General Supplies	24,950	(6,646)	18,304	18,299	5
Textbooks	32,800	(25,334)	7,466	7,465	1
Total Regular Programs - Instruction	1,137,680	(39,728)	1,097,952	1,097,942	10
Regular Programs - Home Instruction:					
Salaries of Teachers					
Regular Vocational Programs - Instruction:					
Salaries of Teachers	1,177,447	19,634	1,197,081	1,190,655	6,426
Purchased Professional-Educational Services	1,562,696	296,709	1,859,405	1,859,403	2
Purchased Technical Services	23,399	(11,439)	11,960	11,960	
Other Purchased Services (400-500 series)	1,750	(1,315)	435	434	1
General Supplies	90,700	31,659	122,359	122,351	8
Textbooks	9,200	(3,569)	5,631	5,630	1
Other Objects	5,200	(2,488)	2,712	2,712	
Total - Regular Vocational Programs - Instruction	2,870,392	329,191	3,199,583	3,193,145	6,438
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	20,000	(14,700)	5,300	5,300	
Purchased Services (300-500 series)	1,500	1,275	2,775	2,774	1
Supplies and Materials	14,000	(3,632)	10,368	10,368	
Other Objects	14,000	(11,429)	2,571	2,381	190
Total School-Spon. Co/Extra Curr. Actvts. - Inst	49,500	(28,486)	21,014	20,823	191
Undistributed Expenditures - Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordinator	78,395	9,777	88,172	88,172	
Total Undistributed Expenditures - Attendance & Social Work	78,395	9,777	88,172	88,172	

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
Unaudited

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 55,560	\$ 3,100	\$ 58,660	\$ 58,660	\$ -
Purchased Professional and Technical Services	271	1,085	1,356	1,302	54
Other Purchased Services (400-500 series)	415	(53)	362	362	
Supplies and Materials	675	460	1,135	1,135	
Other Objects	100	(100)			
Total Undistributed Expenditures - Health Services	57,021	4,492	61,513	61,459	54
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	253,975	5,262	259,237	259,237	
Salaries of Secretarial and Clerical Assistants	25,838	3,796	29,634	29,634	
Purchased Professional-Educational Services	3,181	(2,538)	643	643	
Other Purchased Services (400-500 series)	2,400	1,516	3,916	3,913	3
Supplies and Materials	8,500	(4,843)	3,657	3,656	1
Total Undist. Expend. - Guidance	293,894	3,193	297,087	297,083	4
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	50,460	(50,460)			
Purchased Professional - Educational Services	102,500	(91,341)	11,159	11,159	
Total Undist. Expend. - Child Study Teams	152,960	(141,801)	11,159	11,159	
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Other Professional Staff	69,194	800	69,994	69,994	
Salaries of Secretarial and Clerical Assistants	73,907	26,289	100,196	100,196	
Other Objects	9,000	(8,940)	60	60	
Total Undist. Expend. - Improv of Inst. Serv.	152,101	18,149	170,250	170,250	
Undistributed Expenditures - Educational Media Service/Sch Library					
Salaries	82,980	(11,926)	71,054	71,053	1
Purchased Professional and Technical Services	44,350	(6,005)	38,345	38,135	210
Other Purchased Services (400-500)	2,500	(1,674)	826	826	
Supplies and Materials	75,545	(1,974)	73,571	73,185	386
Total Undist Expend-Edu. Media Serv. / Sch. Library	205,375	(21,579)	183,796	183,199	597
Undistributed Expenditures - Support Services - General Administration:					
Salaries	82,856	91,674	174,530	166,679	7,851
Legal Services	20,000	6,196	26,196	26,188	8
Audit Fee	27,000	(1,865)	25,135	25,135	
Other Purchased Professional Services	72,438	(67,597)	4,841	4,840	1
Communications/Telephone	40,000	2,483	42,483	42,482	1
Other Purch Serv (400-500)	4,000	(668)	3,332	3,332	
General Supplies	5,234	(4,281)	953	952	1
Miscellaneous Expenditures	15,750	(552)	15,198	15,197	1
Total Undist. Expend. -Support Serv. -Gen. Admin.	267,278	25,390	292,668	284,805	7,863
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	178,172	2,347	180,519	180,518	1
Salaries of Secretarial and Clerical Assistants	79,337		121,082	121,081	1
Other Purchased Services (400-500 series)	1,500		1,081	1,081	
Supplies and Materials	13,000	(5,538)	7,462	7,462	
Other Objects	5,300	(1,060)	4,240	4,240	
Total Undist. Expend. -Support Serv. - School Adm.	277,309	(4,251)	314,384	314,382	2

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
Unaudited

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 30,234	\$ 1,388	\$ 31,622	\$ 31,622	\$ -
Purchased Professional Services	58,875	(58,875)			
Purchased Technical Services	32,500	13,436	45,936	45,935	1
Misc. Purchased Services (400-500 Series)	4,300	(1,799)	2,501	2,501	
Supplies and Materials	13,500	(3,302)	10,198	10,198	
Other Objects	6,000	(389)	5,611	5,610	1
Total Undistributed Expenditures - Central Services	145,409	(49,541)	95,868	95,866	2
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	50,600	23,607	74,207	74,207	
Cleaning, Repair, and Maintenance Services	139,750	43,521	183,271	180,522	2,749
General Supplies	35,000	16,125	51,125	51,087	38
Other Objects	2,000	(1,318)	682	682	
Total Undist. Expend-Required Maint for Sch Fac.	227,350	81,935	309,285	306,498	2,787
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	285,046	(30,057)	254,989	254,989	
Cleaning, Repair, and Maintenance Services	50,000	(13,897)	36,103	36,102	1
Lease Purchase Payments - Energy Savings	131,072	(55,487)	75,585	75,584	1
Insurance	85,000	5,134	90,134	90,133	1
General Supplies	15,000	(8,479)	6,521	6,520	1
Energy (Natural Gas)	95,000	3,657	98,657	89,050	9,607
Energy (Heat and Electricity)	246,000	(31,209)	214,791	214,790	1
Energy (Oil)	7,000	36	7,036	5,493	1,543
Total Undist. Expend-Oth. Oper & Maint of Plant	914,118	(130,302)	783,816	772,661	11,155
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000	(14,500)	10,500	10,500	
Total Care and Upkeep of Grounds	25,000	(14,500)	10,500	10,500	
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	2,500	(2,500)			
Total Security	2,500	(2,500)			
Total Undist. Expend-Oper & Maint of Plant Serv.	1,168,968	(65,367)	1,103,601	1,089,659	13,942
Undistributed Expenditures - Student Transportation Services:					
Contr Serv (Oth. Than Bet Home & Sch) - Vend	25,550	(11,004)	14,546	14,538	8
Total Undist. Expend. -Student Trans. Serv.	25,550	(11,004)	14,546	14,538	8
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	126,075	7,170	133,245	133,244	1
Other Retirement Contributions - PERS	180,516	(27,098)	153,418	153,418	
Unemployment Compensation	20,000	1,426	21,426	21,425	1
Workmen's Compensation	53,000	23,067	76,067	76,067	
Health Benefits	1,230,355	(53,108)	1,177,247	1,053,623	123,624
Tuition Reimbursement	20,000	(11,660)	8,340	8,340	
Other Employee Benefits	5,000	(1,645)	3,355	3,354	1
Total Unallocated Benefits - Employee Benefits	1,634,946	(61,848)	1,573,098	1,449,471	123,627

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
Unaudited

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Reimbursed TPAF Social Security Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 247,361	\$ (247,361)
On-behalf TPAF pension contributions (non-budgeted)				168,017	(168,017)
On-behalf TPAF pension post-retirement contributions (non-budgeted)				266,727	(266,727)
Total On-behalf Contributions				682,105	(682,105)
Total Undistributed Expenditures	4,459,206	(294,390)	4,206,142	4,742,148	(536,006)
Total Current Expense	8,516,778	(33,413)	8,524,691	9,054,058	(529,367)
Capital Outlay:					
Interest Deposit to Capital Reserve					
Equipment:					
Undistributed Expenses					
Support Services - Instruc. Staff	37,950	98,679	136,629	129,594	7,035
Total Equipment	37,950	98,679	136,629	129,594	7,035
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	925		925	925	
Lease Purchase Agreements-Principal	144,267		168,954	168,954	
Total Facilities Acquisition and Construction Services	145,192		169,879	169,879	
Total Capital Outlay	183,142	98,679	306,508	299,473	7,035
Total Expenditures	8,699,920	65,266	8,831,199	9,353,531	(522,332)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(257,428)	(65,266)	(388,707)	(46,265)	342,442
Other Financing Sources (Uses)					
Fund Balances, July 1	743,244	(42,920)	700,324	805,246	104,922
Fund Balances, June 30	\$ 485,816	\$ (65,266)	\$ 311,617	\$ 758,981	\$ 447,364
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 12,200	
Excess surplus				187,855	
Excess Surplus - Designated For Subsequent Years Expenditures				28,249	
Committed Fund Balance:					
Year-end Encumbrances				10,391	
Unassigned Fund Balance				520,286	
				758,981	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2014-15 Not Recognized on GAAP Basis				(460,931)	
				\$ 298,050	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

Unaudited

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Perkins Post Secondary Opportunity for NJ	\$ 96,129	\$ (60,520)	\$ 35,609	\$ 60,013	\$ 24,404
		286,845	286,845	75,323	(211,522)
Total - State Sources	96,129	226,325	322,454	135,336	(187,118)
Federal Sources:					
Perkins	100,642		100,642	83,569	(17,073)
Adult Basic Skills-LA	121,112	163,899	285,011	126,653	(158,358)
Adult Basic Skills-Sub-grantee I.D.E.A.	398,001	62,329	460,330	326,044	(134,286)
No Child Left Behind I A	127,530		127,530	116,109	(11,421)
No Child Left Behind II A	105,176	22,014	127,190	59,338	(67,852)
	9,096		9,096		(9,096)
Total - Federal Sources	861,557	248,242	1,109,799	711,713	(398,086)
Other Sources:					
CASE Grant		146,426	146,426	11,209	(135,217)
Total - Other Sources		146,426	146,426	11,209	(135,217)
Total Revenues	957,686	620,993	1,578,679	858,258	(720,421)

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
Unaudited

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 158,066	\$ 291,985	\$ 450,051	\$ 221,998	\$ 228,053
Purchased Professional & Technical Services	34,599		34,599	12,832	21,767
Other Purchased Services	620		620		620
General Supplies	141,353	33,129	174,482	83,476	91,006
Other Objects	4,695		4,695		4,695
Total Instruction	339,333	325,114	664,447	318,306	346,141
Support Services:					
Salaries of Other Professional Staff	25,092		25,092	7,500	17,592
Secretarial and Clerical	7,850		7,850	7,850	
Personal Services - Employee Benefits	37,373	10,868	48,241	20,285	27,956
Purchased Professional Educational Services	338,980	285,011	623,991	337,921	286,070
Purchased Professional Technical Services	148,112		148,112	120,372	27,740
Purchased Property Services	9,096		9,096		9,096
Other Purchased Services	7,850	(2,806)	5,044	1,018	4,026
Travel	1,490		1,490	201	1,289
Other Objects	510		510		510
Total Support Services	576,353	293,073	869,426	495,147	374,279
Facilities Acquisition and Construction Services:					
Instructional Equipment	42,000	2,806	44,806	44,805	1
Total Facilities Acquisition & Construction Services	42,000	2,806	44,806	44,805	1
Total Expenditures	957,686	620,993	1,578,679	858,258	720,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION PART II**

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2015
 Unaudited

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 9,307,266	\$ 858,258
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(3,275)
Prior Year		23,130
The last two 13-14 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	459,367	
The last two 14-15 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(460,931)	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 9,305,702	\$ 878,113
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 9,353,531	\$ 858,258
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(3,275)
Prior Year		23,130
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 9,353,531	\$ 878,113

REQUIRED SUPPLEMENTARY
INFORMATION PART III

SCHEDULE L-1

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	1.86099811%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,484,297
District's Covered-Employee Payroll	\$ 1,067,848
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	326.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of the District Contributions
Public Employee's Retirement System

	<u>2014</u>
Contractually Required Contribution	\$ 153,418
Contributions in Relation to the Contractually Required Contribution	<u>(153,418)</u>
Contribution Deficiency (Excess)	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,067,848
Contributions as a Percentage of Covered-Employee Payroll	14.37%

SCHEDULE L-3

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers Pension Plan

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	N/A
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 522,559
District's Covered-Employee Payroll	\$ 3,212,474
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	16.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION PART III**

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Notes to the Required Supplementary Information Part III
Pension Schedules
For the Fiscal Year Ended June 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	<u>Total</u>	<u>NCLB Title I, Part A 2014-15</u>	<u>Total Brought Forward</u>
REVENUES:			
Federal Sources	\$ 711,713	\$ 59,338	\$ 652,375
State Sources	135,336		135,336
Other Sources	11,209		11,209
Total Revenues	<u>858,258</u>	<u>59,338</u>	<u>798,920</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	221,998	46,715	175,283
Purchased Professional & Technical Services	12,832		12,832
General Supplies	83,476	650	82,826
Total Instruction	<u>318,306</u>	<u>47,365</u>	<u>270,941</u>
Support Services:			
Salaries of Other Professional Staff	7,500		7,500
Secretarial and Clerical	7,850		7,850
Personal Services - Employee Benefits	20,285	11,006	9,279
Purchased Professional Educational Services	337,921		337,921
Purchased Professional Technical Services	120,372	788	119,584
Other Purchased Services	1,018	179	839
Travel	201		201
Total Support Services	<u>495,147</u>	<u>11,973</u>	<u>483,174</u>
Facilities Acquisition & Construction Services:			
Instructional Equipment	44,805		44,805
Total Facilities Acquisition & Construction Services	<u>44,805</u>		<u>44,805</u>
Total Expenditures	<u>\$ 858,258</u>	<u>\$ 59,338</u>	<u>\$ 798,920</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	Total Carried Forward	I.D.E.A. 2014-15	Total Brought Forward
REVENUES:			
Federal Sources	\$ 652,375	\$ 116,109	\$ 536,266
State Sources	135,336		135,336
Other Sources	11,209		11,209
Total Revenues	<u>798,920</u>	<u>116,109</u>	<u>682,811</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	175,283		175,283
Purchased Professional & Technical Services	12,832		12,832
General Supplies	82,826	1,419	81,407
Total Instruction	<u>270,941</u>	<u>1,419</u>	<u>269,522</u>
Support Services:			
Salaries of Other Professional Staff	7,500		7,500
Secretarial and Clerical	7,850		7,850
Personal Services - Employee Benefits	9,279		9,279
Purchased Professional Educational Services	337,921		337,921
Purchased Professional Technical Services	119,584	114,690	4,894
Other Purchased Services	839		839
Travel	201		201
Total Support Services	<u>483,174</u>	<u>114,690</u>	<u>368,484</u>
Facilities Acquisition & Construction Services:			
Instructional Equipment	44,805		44,805
Total Facilities Acquisition & Construction Services	<u>44,805</u>		<u>44,805</u>
Total Expenditures	<u>\$ 798,920</u>	<u>\$ 116,109</u>	<u>\$ 682,811</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Total Carried Forward	Sub-Grantee Adult Basic Skills 2014-15	Lead Agent Adult Basic Skills 2014-15	Total Brought Forward
REVENUES:				
Federal Sources	\$ 536,266	\$ 326,044	\$ 126,653	\$ 83,569
State Sources	135,336			135,336
Other Sources	11,209			11,209
Total Revenues	682,811	326,044	126,653	230,114
EXPENDITURES:				
Instruction:				
Salaries of Teachers	175,283		98,460	76,823
Purchased Professional & Technical Services	12,832			12,832
General Supplies	81,407			81,407
Total Instruction	269,522		98,460	171,062
Support Services:				
Salaries of Other Professional Staff	7,500			7,500
Secretarial and Clerical	7,850		7,850	
Personal Services - Employee Benefits	9,279		8,466	813
Purchased Professional Educational Services	337,921	326,044	11,877	
Purchased Professional Technical Services	4,894			4,894
Other Purchased Services	839			839
Travel	201			201
Total Support Services	368,484	326,044	28,193	14,247
Facilities Acquisition & Construction Services:				
Instructional Equipment	44,805			44,805
Total Facilities Acquisition & Construction Services	44,805			44,805
Total Expenditures	\$ 682,811	\$ 326,044	\$ 126,653	\$ 230,114

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND**
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	<u>Total Carried Forward</u>	<u>Perkins Secondary 2014-15</u>	<u>Perkins Secondary Reserve 2014-15</u>	<u>Perkins Post Secondary 2014-15</u>	<u>Total Brought Forward</u>
REVENUES:					
Federal Sources	\$ 83,569	\$ 58,275	\$ 25,294		
State Sources	135,336			\$ 60,013	\$ 75,323
Other Sources	11,209				11,209
Total Revenues	<u>230,114</u>	<u>58,275</u>	<u>25,294</u>	<u>60,013</u>	<u>86,532</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	76,823				76,823
Purchased Professional & Technical Services	12,832			12,832	
General Supplies	81,407	7,536	25,294	38,868	9,709
Total Instruction	<u>171,062</u>	<u>7,536</u>	<u>25,294</u>	<u>51,700</u>	<u>86,532</u>
Support Services:					
Salaries of Other Professional Staff	7,500			7,500	
Secretarial and Clerical					
Personal Services - Employee Benefits	813			813	
Purchased Professional Educational Services					
Purchased Professional Technical Services	4,894	4,894			
Other Purchased Services	839	839			
Travel	201	201			
Total Support Services	<u>14,247</u>	<u>5,934</u>		<u>8,313</u>	
Facilities Acquisition & Construction Services:					
Instructional Equipment	44,805	44,805			
Total Facilities Acquisition & Construction Services	<u>44,805</u>	<u>44,805</u>			
Total Expenditures	<u>\$ 230,114</u>	<u>\$ 58,275</u>	<u>\$ 25,294</u>	<u>\$ 60,013</u>	<u>\$ 86,532</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	<u>Total Carried Forward</u>	<u>CASE Grant 14-15</u>	<u>Opportunity for NJ 2014-15</u>
REVENUES:			
Federal Sources			
State Sources	\$ 75,323		\$ 75,323
Other Sources	11,209	\$ 11,209	
Total Revenues	<u>86,532</u>	<u>11,209</u>	<u>75,323</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	76,823	1,500	75,323
Purchased Professional & Technical Services			
General Supplies	9,709	9,709	
Total Instruction	<u>86,532</u>	<u>11,209</u>	<u>75,323</u>
Support Services:			
Salaries of Other Professional Staff			
Secretarial and Clerical			
Personal Services - Employee Benefits			
Purchased Professional Educational Services			
Purchased Professional Technical Services			
Other Purchased Services			
Travel			
Total Support Services	<u> </u>	<u> </u>	<u> </u>
Facilities Acquisition & Construction Services:			
Instructional Equipment			
Total Facilities Acquisition & Construction Services	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 86,532</u>	<u>\$ 11,209</u>	<u>\$ 75,323</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2015

<u>Project Title / Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Balance June 30, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction Services-2011 Project	3/29/2011	\$ 893,818	\$ 603,101	\$ -	\$ 290,717
2010 School Energy Savings	4/27/2010	3,190,699	3,190,699		
Various Improvements to High School	12/3/2014	3,149,364		487,032	2,662,332
		<u>\$ 7,233,881</u>	<u>\$ 3,793,800</u>	<u>\$ 487,032</u>	<u>\$ 2,953,049</u>
Encumbrances					\$ 2,626,571
Unreserved - Designated to Subsequent Year's Expenditures					326,478
					<u>\$ 2,953,049</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Summary Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

Revenues and Other Financing Sources (Uses)	
State Sources - SCC Grant	\$ -
Bond Proceeds	3,149,364
Interest	252
Total Revenues	<u>3,149,616</u>
Expenditures and Other Financing Uses	
Professional Services	<u>487,032</u>
Total Expenditures	<u>487,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,662,584
Transfer of Interest Earned to General fund	(252)
Fund Balance - July 1	<u>290,717</u>
Fund Balance - June 30	<u><u>\$ 2,953,049</u></u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 School Energy Savings
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources (Uses)				
State Sources - SCC Grant				
Capital Lease Proceeds	\$ 3,190,699		\$ 3,190,699	\$ 3,190,699
Transfer from Capital Reserve	893,818		893,818	
Total Revenues	<u>4,084,517</u>		<u>4,084,517</u>	<u>3,190,699</u>
Expenditures and Other Financing Uses				
Construction Services-2011 Project	603,101		603,101	
Construction Services-ESIP Project	3,190,699		3,190,699	3,190,699
Total Expenditures	<u>3,793,800</u>		<u>3,793,800</u>	<u>3,190,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 290,717</u>		<u>\$ 290,717</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	3,190,699
Additional Authorized Cost	0
Revised Authorized Cost	3,190,699
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	1/30/2012
Revised Target Completion Date	N/A

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources (Uses)				
Bond Proceeds	\$	\$ 3,149,364	\$ 3,149,364	\$ 3,149,364
Total Revenues		3,149,364	3,149,364	3,149,364
Expenditures and Other Financing Uses				
Professional Services		487,032	487,032	3,149,364
Total Expenditures		487,032	487,032	3,149,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 2,662,332	\$ 2,662,332	\$

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	3,149,364
Additional Authorized Cost	0
Revised Authorized Cost	3,149,364
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	15.46%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

Alternative High School Enterprise Fund – This fund provides for the operation of the District's Alternative High School.

Transportation Enterprise Fund – This fund provides for transportation services provided to other local educational associations.

Related Services Enterprise Fund – This fund provides for student support services which are provided to other local educational associations.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Position
 June 30, 2015

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	
ASSETS:								
Current Assets:								
Cash and Cash Equivalents	\$ 6,390	\$ 54,207	\$ 18,388	\$ 51,262	\$ 253,704	\$ 10,847	\$ 17,103	\$ 411,901
Accounts Receivable:								
State	235							235
Federal	7,647							7,647
Other	732		32		240,339			241,103
Interfund Receivable	41,364				316,897			358,261
Inventories	4,401							4,401
Total Current Assets	60,769	54,207	18,420	51,262	810,940	10,847	17,103	1,023,548
Noncurrent Assets:								
Site Improvements								
Building								
Equipment								
Accumulated Depreciation								
Total Noncurrent Assets								
Total Assets	60,769	54,207	18,420	51,262	810,940	10,847	17,103	1,023,548
LIABILITIES:								
Current Liabilities:								
Accounts Payable	6,035				22,045			28,080
Interfund Payable	1,200							1,200
Unearned Revenue					28,213			28,213
Compensated Absences Payable		14,814						14,814
Total Current Liabilities	7,235	14,814			50,258			72,307
Net Position:								
Invested in Capital Assets								
Net of Related Debt								
Unrestricted	53,534	39,393	18,420	51,262	760,682	10,847	17,103	951,241
Total Net Position	\$ 53,534	\$ 39,393	\$ 18,420	\$ 51,262	\$ 760,682	\$ 10,847	\$ 17,103	\$ 951,241

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2015

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ETTC Program	Transitional Production Workshop	School Based Youth Services	
OPERATING REVENUES:								
Charges for Services:								
Daily Sales - Reimbursable Programs	\$ 114,573							\$ 114,573
Daily Sales - Non-Reimbursable Programs	18							18
Tuition		547,187	37,838					585,025
Other Revenue	64,212				501,317			565,529
Total Operating Revenues	178,803	547,187	37,838		501,317			1,265,145
OPERATING EXPENSES:								
Salaries	113,271	518,323	17,478		204,833			853,905
Employee Benefits					97,103			97,103
Cost of Sales	17,337							17,337
Purchased Educational Services					19,787			19,787
Purchased Technical Services	166,474	9,051			150			175,675
Travel					3,180			3,180
Other Purchased Services					2,014			2,014
General Supplies	7,918		1,940		20,592			30,450
Textbooks					8,018			8,018
Miscellaneous	15,379							15,379
Total Operating Expenses	320,379	527,374	19,418		355,677			1,222,848
Operating Income / (Loss)	(141,576)	19,813	18,420		145,640			42,297
NONOPERATING REVENUES (EXPENSES):								
State Sources:								
State School Lunch Program	2,416							2,416
Federal Sources:								
Food Distribution Program	17,337							17,337
National School Lunch Program	81,695							81,695
National School Breakfast Program	18,540							18,540
Interest and Investment Revenue	15							15
Total Non-operating Revenues (Expenses)	120,003							120,003
Income(Loss) before Operating Transfers	(21,573)	19,813	18,420		145,640			162,300
OTHER FINANCING USES:								
Prior Year Accounts Receivable Adjustments					(103,414)			(103,414)
Net Position -- July 1	75,107	19,580		51,262	718,456	10,847	17,103	892,355
Net Position -- June 30	\$ 53,534	\$ 39,393	\$ 18,420	\$ 51,262	\$ 760,682	\$ 10,847	\$ 17,103	\$ 951,241

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2015

	Business Type Activities- Enterprise Funds							Totals
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ETTC Program	Transitional Production Workshop	School Based Youth Services	
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 137,076	\$ 547,187	\$ 39,896	\$ -	\$ 475,386	\$ -	\$ -	\$ 1,199,545
Payments to Employees	(113,271)	(518,323)	(19,418)		(204,833)			(855,845)
Payments for Employee Benefits					(97,103)			(97,103)
Payments to Suppliers	(217,896)	(9,051)			(56,263)			(283,210)
Net Cash Provided by (used for) Operating Activities	<u>(194,091)</u>	<u>19,813</u>	<u>20,478</u>		<u>117,187</u>			<u>(36,613)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
State Sources	2,499							2,499
Federal Sources	118,791							118,791
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>121,290</u>							<u>121,290</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest and Dividends	15							15
Net Cash Provided by (used for) Investing Activities	<u>15</u>							<u>15</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(72,786)	19,813	20,478		117,187			84,692
Cash and Cash Equivalents -- July 1	79,176	34,394	(2,090)	51,262	136,517	10,847	17,103	327,209
Cash and Equivalents -- June 30	<u>\$ 6,390</u>	<u>\$ 54,207</u>	<u>\$ 18,388</u>	<u>\$ 51,262</u>	<u>\$ 253,704</u>	<u>\$ 10,847</u>	<u>\$ 17,103</u>	<u>\$ 411,901</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	\$ (141,576)	\$ 19,813	\$ 18,420	\$ -	\$ 145,640	\$ -	\$ -	\$ 42,297
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Transfer								
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	(363)		2,058		(20,119)			(18,424)
Interfund Receivable (Increase)/Decrease	(41,364)				(5,812)			(47,176)
Inventory (Increase)/Decrease	4,592							4,592
Accounts Payable Increase/(Decrease)	6,035				(2,422)			3,613
Unearned Revenue Increase/(Decrease)	(2,765)				(100)			(2,865)
Compensated Absences Payable Increase/(Decrease)								
Interfund Payable Increase/(Decrease)	(18,650)							(18,650)
Net Cash Provided by (used for) Operating Activities	<u>\$ (194,091)</u>	<u>\$ 19,813</u>	<u>\$ 20,478</u>	<u>\$ -</u>	<u>\$ 117,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,613)</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2015

	<u>Agency Funds</u>		
	<u>Student</u>		<u>Total</u>
	<u>Activity</u>	<u>Payroll</u>	
ASSETS:			
Cash and Cash Equivalents	\$ 28,814	\$ 54,215	\$ 83,029
Total Assets	<u>\$ 28,814</u>	<u>\$ 54,215</u>	<u>\$ 83,029</u>
LIABILITIES:			
Payable to Student Groups	\$ 16,209	\$	\$ 16,209
Due to General Fund		54,215	54,215
Due Special Revenue	12,605		12,605
Total Liabilities	<u>\$ 28,814</u>	<u>\$ 54,215</u>	<u>\$ 83,029</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Interfund</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2015</u>
Vo Tech	\$ 21,910	\$ 181,500	\$ 174,596	12,605	\$ 16,209

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 5,594	\$ 6,784,266	\$ 6,735,645	\$ 54,215
Due From General Fund	1,325		1,325	
Total Assets	<u>\$ 6,919</u>	<u>\$ 6,784,266</u>	<u>\$ 6,736,970</u>	<u>\$ 54,215</u>
LIABILITIES:				
Due to General Fund	\$	\$ 54,215	\$	\$ 54,215
Payroll Deductions and Withholdings	6,919	6,730,051	6,736,970	
Total Liabilities	<u>\$ 6,919</u>	<u>\$ 6,784,266</u>	<u>\$ 6,736,970</u>	<u>\$ 54,215</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2015

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2014</u>	<u>Refinanced</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2015</u>
2014 Refinancing of Energy Savings Project	4/14/14	11 yrs.	Refinancing	3.00%	\$ 2,796,142		\$ 168,954	\$ 2,627,188
					<u>\$ 2,893,284</u>		<u>\$ 168,954</u>	<u>\$ 2,627,188</u>
					(a)			(a)

(a) Future Interest Payments Removed from Carrying Value of Leases.

STATISTICAL SECTION

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Net Position by Component,
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt										
Restricted	\$ 8,352,039	\$ 8,592,297	\$ 8,456,488	\$ 8,632,392	\$ 8,275,193	\$ 7,585,773	\$ 7,745,536	\$ 6,884,811	\$ 7,627,048	\$ 7,898,446
Unrestricted	3,753,290	3,352,849	2,555,670	2,278,308	1,736,407	1,453,638	397,610	649,361	619,871	3,181,353
Total governmental activities Net Position	<u>\$ 12,131,990</u>	<u>\$ 12,013,925</u>	<u>\$ 11,493,849</u>	<u>\$ 10,835,544</u>	<u>\$ 9,891,431</u>	<u>\$ 8,850,561</u>	<u>\$ 8,042,123</u>	<u>\$ 7,414,984</u>	<u>\$ 8,139,864</u>	<u>\$ 7,298,885</u>
Business-type activities										
Invested in capital assets, net of related debt										
Restricted	\$ 1,189,140	\$ 1,133,612	\$ 1,080,169	\$ 1,032,108	\$ 983,395	\$ 934,485	\$ 876,290	\$ 818,095	\$ -	\$ -
Unrestricted	513,036	402,508	297,064	7,979	16,728	4,930	23,309	17,886		
Total business-type activities Net Position	<u>\$ 1,702,176</u>	<u>\$ 1,536,119</u>	<u>\$ 1,377,233</u>	<u>\$ 1,461,097</u>	<u>\$ 1,384,289</u>	<u>\$ 1,168,614</u>	<u>\$ 1,270,467</u>	<u>\$ 1,371,926</u>	<u>\$ 892,355</u>	<u>\$ 951,241</u>
District-wide										
Invested in capital assets, net of related debt										
Restricted	\$ 9,541,179	\$ 9,725,908	\$ 9,536,657	\$ 9,664,501	\$ 9,258,588	\$ 8,520,258	\$ 8,621,826	\$ 7,702,906	\$ 7,627,048	\$ 7,898,446
Unrestricted	3,753,290	3,352,849	2,555,670	2,286,287	1,753,135	1,458,568	420,919	667,247	619,871	3,181,353
Total District Net Position	<u>\$ 13,834,166</u>	<u>\$ 13,550,044</u>	<u>\$ 12,871,082</u>	<u>\$ 12,296,641</u>	<u>\$ 11,275,720</u>	<u>\$ 10,019,174</u>	<u>\$ 9,312,590</u>	<u>\$ 8,786,910</u>	<u>\$ 9,032,219</u>	<u>\$ 8,250,126</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,137,225	\$ 1,027,440	\$ 973,428	\$ 1,108,781	\$ 1,167,138	\$ 1,650,755	\$ 1,859,555	\$ 1,652,817	\$ 1,392,817	\$ 1,450,057
Special Vocational Programs										
Vocational	1,736,092	1,991,462	2,150,347	2,377,718	2,524,598	2,796,045	2,754,285	2,834,358	3,058,443	3,277,086
Other instruction										
School Sponsored Co-Curricular Activities	18,225	25,775	33,528	28,393	33,711	39,236	24,173	28,120	21,868	20,823
Support Services:										
Attendance and Social Work					108,598	64,152	68,539	73,835	75,312	88,172
Health Services	32,027	36,070	38,224	39,339	42,905	53,618	54,825	55,242	56,496	61,459
Students - Regular	1,594,417	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389
Improvement of Instruction Services	152,432	103,932	72,619	99,932	103,739	115,507	164,186	148,632	135,650	170,250
Educational Media/School Library	143,228	157,393	175,709	261,741	213,095	151,945	157,649	175,315	219,420	183,199
General Administration	347,825	387,152	442,216	320,379	299,231	214,512	291,309	263,041	259,662	287,463
School Administrative	251,048	188,888	237,652	218,016	203,002	237,117	248,180	255,654	260,038	314,382
Central Services	384,271	373,251	428,650	466,584	396,299	444,854	(302)	304,308	279,719	95,866
Operation and Maintenance of Plant Services	816,110	1,129,284	1,244,916	1,223,044	1,135,174	995,817	80,495	925,595	852,937	1,084,502
Student Transportation Services	17,881	8,000	11,405	16,529	27,064	13,352		15,056	13,134	14,538
Unallocated benefits	798,706	1,082,835	1,171,454	1,121,058	1,245,674	1,492,726		1,871,773	1,453,811	2,840,999
Capital Outlay										
Special Schools										
Unallocated depreciation	277,566	253,768	259,241	280,607	280,617	281,135	617,132	640,385.00	1,452,642.00	451,993
Total governmental activities expenses	<u>7,707,052</u>	<u>8,247,981</u>	<u>8,534,474</u>	<u>8,657,303</u>	<u>8,990,265</u>	<u>9,537,364</u>	<u>7,373,638</u>	<u>10,919,869</u>	<u>10,814,435</u>	<u>11,144,178</u>
Business-type activities:										
Food service	168,115	175,930	195,153	193,588	185,570	176,170	184,435	226,700	262,300	320,379
Regional Day School	1,656,084	1,637,428	1,624,468	1,478,487	1,497,453	1,444,478	1,353,544	1,120,210	588,610	527,374
Summer Enrichment Program	36,440	194,246	157,356	123,096	105,019	92,092	120,662	60,888	32,885	-
BCCEC/ETTC	73,985	73,391	76,435	23,577	38,626	97,998	162,525	286,422	183,126	355,677
Air Force Junior ROTC		2,026	578							
Transitional Production Workshop	6,893	13,151	13,275	276	1,024		841	145		
Consolidated Services	220,789	217,903	191,415	172,551	248,410	309,380	271,096	313,748		
School Based Youth Services		3,211	54		645	60,529	65,084	62,749	57,827	19,418
ETTC Program										
Total business-type activities expense	<u>2,162,305</u>	<u>2,317,285</u>	<u>2,258,734</u>	<u>1,991,574</u>	<u>2,076,748</u>	<u>2,180,647</u>	<u>2,158,187</u>	<u>2,070,862</u>	<u>1,124,748</u>	<u>1,222,848</u>
Total district expenses	<u>\$ 9,869,357</u>	<u>\$ 10,565,266</u>	<u>\$ 10,793,207</u>	<u>\$ 10,648,878</u>	<u>\$ 11,067,013</u>	<u>\$ 11,718,010</u>	<u>\$ 9,531,825</u>	<u>\$ 12,990,731</u>	<u>\$ 11,939,183</u>	<u>\$ 12,367,026</u>

Continued

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 284,375	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 404,740	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925
Operating grants and contributions	2,349,258	2,378,436	1,832,367	1,703,769	1,802,658	1,930,251	2,268,482	2,809,543	2,044,893	1,248,686
Capital grants and contributions										
Total governmental activities program revenues	<u>2,633,633</u>	<u>2,628,634</u>	<u>2,203,265</u>	<u>2,035,327</u>	<u>2,198,002</u>	<u>2,334,990</u>	<u>2,923,018</u>	<u>3,836,533</u>	<u>3,571,094</u>	<u>3,415,611</u>
Business-type activities:										
Charges for services										
Food service	128,489	129,888	145,663	138,789	143,393	112,037	112,404	113,354	165,781	178,803
Regional Day School	1,326,219	1,584,111	1,556,507	1,556,902	1,389,762	1,202,642	1,325,281	1,145,218	521,970	547,187
Summer Enrichment Program	82,530	119,841	137,661	134,060	105,019	92,092	142,000	117,000	5,876	
BCCEC/ETTC	52,351	27,533	17,000	10,770	37,119	112,018	233,387	377,948	615,374	501,317
Air Force Junior ROTC	320	4,732	828							
Transitional Production Workshop	10,633	7,672	2,223	4,155	5,877	1,761	1,635	390		
Consolidated Services	220,789	217,903	191,415	172,551	248,410	309,380	300,733	284,111		
School Based Youth Services	10,000	10,000	10,000							
ETTC Program & The Learning Center						40,487	68,124	36,862	32,875	37,838
Operating grants and contributions	40,905	49,409	50,839	60,813	70,259	68,813	76,352	97,336	121,364	119,988
Total business type activities program revenues	<u>1,872,235</u>	<u>2,151,090</u>	<u>2,112,136</u>	<u>2,078,039</u>	<u>1,999,841</u>	<u>1,939,230</u>	<u>2,259,916</u>	<u>2,172,219</u>	<u>1,463,240</u>	<u>1,385,133</u>
Total district program revenues	<u>\$ 4,505,868</u>	<u>\$ 4,779,723</u>	<u>\$ 4,315,401</u>	<u>\$ 4,113,366</u>	<u>\$ 4,197,842</u>	<u>\$ 4,274,221</u>	<u>\$ 5,182,934</u>	<u>\$ 6,008,752</u>	<u>\$ 5,034,334</u>	<u>\$ 4,800,744</u>
Net (Expense)/Revenue										
Governmental activities	\$ 5,073,419	\$ 5,619,347	\$ 6,331,208	\$ 6,621,976	\$ 6,792,263	\$ 7,202,373	\$ 5,720,936	\$ 7,083,336	\$ 7,243,341	\$ 7,728,567
Business-type activities	290,070	166,196	146,597	(86,464)	76,907	241,417	(101,729)	(101,357)	(338,492)	(162,285)
Total district-wide net expense	<u>\$ 5,363,489</u>	<u>\$ 5,785,543</u>	<u>\$ 6,477,806</u>	<u>\$ 6,535,512</u>	<u>\$ 6,869,170</u>	<u>\$ 7,443,790</u>	<u>\$ 5,619,207</u>	<u>\$ 6,981,979</u>	<u>\$ 6,904,849</u>	<u>\$ 7,566,282</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
County of Salem Budget Appropriation	\$ 1,465,000	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758
Federal and State Aid Unrestricted	3,527,529	3,505,863	3,848,080	4,086,043	3,993,785					
Federal and State Aid Restricted	147,568	136,454	95,516	103,025	82,470	4,344,679	4,567,036	4,638,225	4,631,699	4,738,192
Transferred Locations/ Use of Capital Assets	4,159									
Loss on Disposal of Capital Assets			(6,823)	(16,860)						(1,637)
Bond Proceeds										3,149,364
Capital Outlay Contributions	43,331			(2,387)						
Miscellaneous income	323,828	328,965	279,360	133,849	111,895	44,924	163,309	25,072	60,040	932,499
Transfers										
Total governmental activities	<u>5,511,415</u>	<u>5,501,282</u>	<u>5,811,133</u>	<u>5,963,670</u>	<u>5,848,150</u>	<u>6,182,503</u>	<u>6,523,245</u>	<u>6,456,197</u>	<u>6,484,639</u>	<u>10,647,176</u>
Business-type activities:										
Miscellaneous Income	237	411	451	86	99	157	125	102	32	15
PY Revenue Refund to State of NJ	(5,143)									
Cancellation of PY Receivables	(20)	(381)								(103,414)
Cancellation of PY Purchase Order		109								
Transferred Locations/ Use of Capital Assets	(1,851)									
Loss on Disposal of Capital Assets				(1,893)						
Returned to Grantor				(15,921)						
Capital Outlay Contributions	(43,331)			2,387		4,584				
Transfers										
Total business-type activities	<u>(50,109)</u>	<u>139</u>	<u>451</u>	<u>(15,341)</u>	<u>99</u>	<u>4,741</u>	<u>125</u>	<u>102</u>	<u>32</u>	<u>(103,399)</u>
Total district-wide	<u>\$ 5,461,306</u>	<u>\$ 5,501,421</u>	<u>\$ 5,811,585</u>	<u>\$ 5,948,330</u>	<u>\$ 5,848,250</u>	<u>\$ 6,187,244</u>	<u>\$ 6,523,370</u>	<u>\$ 6,456,299</u>	<u>\$ 6,484,671</u>	<u>\$ 10,543,777</u>
Change in Net Position										
Governmental activities	\$ 437,996	\$ (118,065)	\$ (520,075)	\$ (658,306)	\$ (944,113)	\$ (1,019,870)	\$ 802,309	\$ (627,139)	\$ (758,702)	\$ 2,918,609
Business-type activities	(340,179)	(186,057)	(146,146)	71,124	(76,808)	(236,675)	101,854	101,459	338,524	58,886
Total district	<u>\$ 97,817</u>	<u>\$ (284,122)</u>	<u>\$ (666,221)</u>	<u>\$ (587,182)</u>	<u>\$ (1,020,921)</u>	<u>\$ (1,256,545)</u>	<u>\$ 904,163</u>	<u>\$ (525,680)</u>	<u>\$ (420,178)</u>	<u>\$ 2,977,495</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted	\$ 3,753,290	\$ 3,352,849	\$ 2,548,755	\$ 2,278,308	\$ 1,736,407	\$ 260,627	\$ 83,693	\$ 340,496	\$ 329,154	\$ 228,304
Unrestricted	143,613	184,949	195,894	(20,827)	(54,801)	(143,670)	(6,827)	(28,471)	16,725	69,746
Total general fund	<u>\$ 3,896,903</u>	<u>\$ 3,537,798</u>	<u>\$ 2,744,649</u>	<u>\$ 2,257,482</u>	<u>\$ 1,681,606</u>	<u>\$ 116,958</u>	<u>\$ 76,866</u>	<u>\$ 312,025</u>	<u>\$ 345,879</u>	<u>\$ 298,050</u>
All Other Governmental Funds										
Restricted										
Unrestricted, reported in:										
Special revenue fund	\$ (1,551)	\$ (1,551)	\$ (1,551)							
Capital projects fund					\$ 2,233,489	\$ 1,311,982	\$ 351,785	\$ 351,785	\$ 290,717	\$ 2,953,049
Total all other governmental funds	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ -</u>	<u>\$ 2,233,489</u>	<u>\$ 1,311,982</u>	<u>\$ 351,785</u>	<u>\$ 351,785</u>	<u>\$ 290,717</u>	<u>\$ 2,953,049</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
County of Salem Budget Appropriation	\$ 1,465,000	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758
Tuition charges	284,375	250,198	370,898	331,558	395,344	404,740	654,536	1,026,990	1,526,201	2,166,925
Unrestricted Miscellaneous Revenue	323,828	328,965	279,360	133,849	111,895	44,924	172,709	25,072	60,040	33,237
State sources	4,359,944	4,518,118	4,693,360	4,963,369	4,150,346	5,056,789	5,276,031	5,618,464	5,593,383	5,443,182
Federal sources	1,664,412	1,495,260	1,082,322	918,479	1,727,758	1,218,141	1,550,087	1,829,304	1,083,254	711,713
Other sources		7,375	281	10,989	808					3,149,364
Total revenue	8,097,558	8,129,915	8,021,221	8,018,244	8,046,152	8,517,493	9,446,263	10,292,730	10,055,778	13,333,179
Expenditures										
Instruction										
Regular Instruction	1,006,992	983,306	928,343	1,059,979	1,118,335	1,601,862	1,752,228	1,545,490	1,376,360	1,436,103
Special Vocational Programs										
Vocational education	1,733,829	1,903,195	2,060,176	2,280,115	2,426,993	2,698,259	2,539,630	2,619,703	2,960,765	3,193,145
Other instruction										
School Sponsored Co/Extra Curricular Activities	18,225	25,775	33,528	28,393	33,711	39,236	24,173	28,120	21,868	20,823
Support Services:										
Attendance & Social Work					108,598	64,152	68,539	73,835	75,312	88,172
Health Services	32,027	36,070	38,224	39,339	42,905	53,618	54,825	55,242	56,496	61,459
Students - Regular	1,594,417	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389
Improvement of Instruction Services	152,432	103,932	72,619	99,932	103,739	115,507	164,186	148,632	135,650	170,250
Educational Media/School Library	143,228	157,393	175,709	261,741	213,095	151,945	157,649	175,315	219,420	183,199
General Administration	347,825	365,085	408,402	295,979	274,829	193,071	244,243	215,975	256,146	284,805
School Administrative	251,048	188,888	237,652	218,016	203,002	237,117	248,180	255,654	260,038	314,382
Central Services	362,159	376,903	428,650	466,584	396,299	413,033	383,020	303,383	278,092	95,866
Operation and Maintenance of Plant Services	840,932	1,133,275	1,222,373	1,186,443	1,098,572	959,147	872,938	846,215	851,069	1,089,659
Student Transportation Services	880	8,000	11,405	16,529	27,064	13,352	14,358	15,056	13,134	14,538
Unallocated Benefits	513,087	590,310	659,782	708,469	808,138	995,640	1,120,371	1,888,295	1,462,403	1,449,471
On Behalf Contributions	316,238	493,307	558,640	425,911	426,498	428,965	521,488	680,790	590,980	682,105
Special Schools										
Capital outlay	468,719	640,848	321,867	683,164	1,088,040	2,031,154	1,227,112	230,128	242,728	831,310
Total expenditures	7,782,037	8,489,021	8,452,455	8,865,776	9,579,237	10,982,649	10,446,552	10,757,571	10,082,947	10,718,676
Excess (Deficiency) of revenues over (under) expenditures	315,521	(359,106)	(431,234)	(847,531)	(1,533,085)	(2,465,156)	(1,000,289)	(464,841)	(27,214)	2,614,503
Other Financing sources (uses)										
Special Rev Fund Return of PY Unexpended Funds						3,190,699				
Cancellation of Prior Years Accounts Receivable										
Capital Lease Proceeds										
Transfers in			400,000	122,004						
Transfers out			(400,000)	(122,004)		(21,000)				
Total other financing sources (uses)					3,190,699	(21,000)				
Net change in fund balances	\$ 315,521	\$ (359,106)	\$ (431,234)	\$ (847,531)	\$ 1,657,614	\$ (2,486,156)	\$ (1,000,289)	\$ (464,841)	\$ (27,214)	\$ 2,614,503
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 General Fund - Other Local Revenue By Source
 Last Ten Fiscal Years
Unaudited

General Fund:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tuition	\$ 284,375	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 392,340	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925
Post Secondary	18,328	4,480	14,850	25,050	10,785	12,400				
Interest Earned on Capital Reserve Funds	24,486	41,944	43,485	6,000	6,000	6,000				
Interest on Investments	124,093	187,855	121,037	66,337	20,672	1,124	2,972	2,195	1,270	1,699
Child Care Revenue										
Refunds of Prior Year Expenditures			10,988		23,898	19,833	6,996	21,600	10,467	
Sale of Fixed Assets	5,437		10,001	6,215						
Rentals	10,997	1,191								
Supplement Services Provider						1,000				
NJ Schools Construction Corporation	90,608	15,854				5,000				
NJ Clean Energy Program										
PSE&G					21,034		5,712			
ESIP Incentive					10,000	10,000				
Miscellaneous	49,880	77,641	78,999	30,247	19,507	1,967	144,610			
							3,019			
Total	\$ 608,202	\$ 579,162	\$ 650,258	\$ 465,407	\$ 507,239	\$ 449,664	\$ 817,845	\$ 1,060,315	\$ 1,579,129	\$ 2,186,159

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Early Retirement	Capital Leases	Short Term Loan	Bond Anticipation Notes (BANs)	Capital Leases			
2015			\$ 2,627,188	\$ 460,334			\$ 3,087,522	0.00110	\$ 48.19
2014			2,796,142				2,796,142	0.00100	43.02
2013			2,893,284				2,893,284	0.00104	44.44
2012			3,006,220				3,006,220	0.00108	45.78
2011			3,105,040				3,105,040	0.1142%	47.03
2010			3,190,699				3,190,699	0.1212%	48.35
2009								not available	
2008		\$ 15,462					15,462	0.0006%	0.23
2007		30,924					30,924	0.0013%	0.47
2006		46,386					46,386	0.0020%	0.70

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** Personal income has been estimated upon the county population and per capita
- b** Per Capital personal income estimated based upon the 2000 Census published

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Years
Unaudited

<u>Year</u>	<u>Population (3)</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2015	64,068	\$ 2,795,473,140	\$ 43,633	7.38%
2014	64,715	2,795,752,715	43,201	8.20%
2013	65,106	2,784,811,491	42,774	10.30%
2012	65,664	2,780,870,400	42,350	11.70%
2011	66,028	2,719,825,376	41,192	11.60%
2010	65,992	2,632,354,888	39,889	11.70%
2009	66,342	2,596,493,196	39,138	10.70%
2008	66,194	2,598,379,276	39,254	6.30%
2007	65,981	2,451,721,998	37,158	4.90%
2006	65,929	2,340,941,003	35,507	5.00%

(1) Source: Regional Economic Information System

(2) Source: US Bureau of Economic Analysis

(3) Source: US Department of Commerce, Bureau of Census Population Division

(4) Source: Personal income has been estimated based upon the county population and per capita personal income presented

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	9	11	11	12	16	14	17	17	18	23
Vocational	22	22	22	23	20	21	22	22	23	18
Support Services:										
Student & instruction related services	6	7	7	8	10	10	12	12	12	10
Health Services	1	1	1	1	1	1	1	1	1	1
General administration	3	3	3	3	2	2	2	2	2	2
School administrative services	5	5	5	5	5	5	5	5	5	3
Other administrative services	5	5	5	5	5	5	3	3	3	2
Central services	7	7	7	7	7	7	4	2	2	4
Administrative Information Technology									11	8
Plant operations and maintenance	10	10	10	10	11	12	11	11		8
Other:										
Cafeteria		3	3	3	3	3	4	4	4	4
Regional Day School		22	22	22	25	25	22	22	25	
Total	<u>68</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>105</u>	<u>105</u>	<u>103</u>	<u>101</u>	<u>106</u>	<u>83</u>

Source: District Personnel Records

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Operating Statistics,
 Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio	Middle School	Senior High School	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	808	\$ 9,887,366	\$ 12,237	6.96%	341	na	na	14.71	808.0	768.0	67.50%	95.05%
2014	884	9,840,219	11,131	-2.70%	39	na	na	22.67	789.6	742.8	63.68%	94.07%
2013	859	9,827,443	11,441	1.26%	39	na	na	22.03	482.4	452.5	-40.44%	93.80%
2012	816	9,219,440	11,298	6.40%	39	na	na	20.92	810.0	771.9	51.12%	95.30%
2011	843	8,951,495	10,619	-1.33%	35	na	na	24.09	536.0	504.0	-19.57%	94.03%
2010	789	8,491,197	10,762	-8.72%	35	na	na	22.54	666.4	635.5	3.40%	95.36%
2009	694	8,182,612	11,791	0.49%	35	na	na	19.83	644.5	611.6	13.27%	94.90%
2008	693	8,130,588	11,732	-1.78%	33	na	na	21.00	569.0	532.0	14.26%	93.50%
2007	657	7,848,173	11,945	-1.34%	33	na	na	19.91	498.0	466.4	5.73%	93.65%
2006	604	7,313,318	12,108	9.63%	31	na	na	19.48	471.0	439.9	3.81%	93.40%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS) and does not include Academy students.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

District Building	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vocational School										
Salem County Vocational (1973)										
Square Feet	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment (Full-time equivalent)	501	506	540	560	677	686	695 *	859	884	808
Number of Schools at June 30, 2013										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Vo-Tech = 1	1	1	1	1	1	1	1	1	1	1

Source: District Facilities Office

* = includes academy students

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
* School Facilities	<u>Project # (s)</u>										
Salem County Vocational School	N/A	<u>\$ 271,133</u>	<u>\$ 469,447</u>	<u>\$ 514,030</u>	<u>\$ 424,413</u>	<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>	<u>\$ 254,598</u>	<u>\$ 306,498</u>
Total School Facilities		<u>271,133</u>	<u>469,447</u>	<u>514,030</u>	<u>424,413</u>	<u>337,165</u>	<u>221,957</u>	<u>181,183</u>	<u>202,435</u>	<u>254,598</u>	<u>306,498</u>
Total		<u>\$ 271,133</u>	<u>\$ 469,447</u>	<u>\$ 514,030</u>	<u>\$ 424,413</u>	<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>	<u>\$ 254,598</u>	<u>\$ 306,498</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Insurance Schedule
6/30/2015
Unaudited

	<u>Coverage</u>	<u>GCSSDJIF SIR Retention</u>	<u>District Deductible</u>
Property Policy	\$ 150,000,000	\$ 250,000	\$ 500
Boiler & Machinery / Equipment Breakdown	125,000,000	None	1,000
Crime Policy	500,000	250,000	500
General Liability and Automobile Policy	15,000,000	250,000	None
Workers' Compensation and Employer's Liability Policy	Statutory	250,000	None
Educator's Legal Liability Insurance Policy	15,000,000	175,000	None
Commercial Pollution and Mold Legal Liability Insurance	3,000,000	None	25,000
Cyber Liability	1,000,000	None	25,000
Bonds			
Board Secretary/Business Administrator	50,000		
Treasurer of School Funds	150,000		

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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November 16, 2015

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey 08079

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education of the Salem County Vocational Technical School District's basic financial statements and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Salem County Vocational Technical School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Salem County Vocational Technical School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical School District Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified four deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined above and labeled Finding 2015-3, 4, 5, and 6. However, additional material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem County Vocational Technical Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2015-1 and 2.

Salem County Vocational Technical Board of Education's Response to Findings

Salem County Vocational Technical Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

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November 16, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF AWARDS REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey 08079

Report on Compliance for Each Major Program

We have audited the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each Salem County Vocational Technical School District's major federal and state programs for the fiscal year ended June 30, 2015. The Salem County Vocational Technical Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Salem County Vocational Technical Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Salem County Vocational Technical Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Salem County Vocational Technical Board of Education's compliance with those requirements.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Salem County Vocational Technical School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Salem County Vocational Technical Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB's Circular 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical School District's Board of Education's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected and corrected, on a timely basis. We consider the deficiencies in internal control and compliance described in the accompanying schedule of findings and questioned costs as labeled Finding 2015-7, 2015-8, and 2015-9 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Salem County Vocational Technical School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

This report is intended solely for the information and use of the audit committee, management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA


Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2015		
				From	To	Unearned Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2015
Special Revenue Fund:												
U.S. Department of Education:												
Passed-Through State Department of Education:												
Title I	84.010A	NCLB464015	105,176	7/1/14	6/30/15			\$ (59,338)		\$ (59,338)		
Title I	84.010A	NCLB464014	86,528	7/1/13	6/30/14	\$ (16,378)	\$ 16,483				\$ 105	
Title I	84.010A	NCLB464013	93,877	9/1/12	8/31/13	(13,805)	13,805					
Title I	84.010A	NCLB464011	49,900	9/1/10	8/31/11	(183)	183					
Title II Part A	84.367A	NCLB464014	8,507	7/1/13	6/30/14	(6,212)	7,345					1,133
Title II Part A	84.367A	NCLB464013	4,282	9/1/12	8/31/13	10,389						10,389
IDEA	84.027	IDEA464015	127,530	7/1/14	6/30/15		92,719	(116,109)		(23,390)		
IDEA	84.027	IDEA464014	109,406	7/1/13	6/30/14	(23,606)	23,606					
Perkins - Secondary	84.048A	PERK 464015	71,115	7/1/14	6/30/15		57,624	(58,275)		(651)		
Perkins - Secondary	84.048A	PERK 464014	66,590	7/1/13	6/30/14	(64,864)	65,153		\$ 17,088		289	\$ 17,088
Perkins - Secondary Reserve	84.048A	PERK 464015	29,527	7/1/14	6/30/15			(25,294)		(25,294)		
Perkins - Secondary Reserve	84.048A	PERK 464014	27,269	7/1/13	6/30/14	(21,110)	21,922					812
21th Century	84.287C	NGO-11-K17-HO5	500,000	9/1/12	8/31/13	(61)				(61)		
Passed-Through State Department of Labor and Workforce Development:												
Adult Basic Skills	84.002	Sub grantee	333,677	7/1/14	6/30/15		226,010	(326,044)		(100,034)		
Adult Basic Skills	84.002	Sub grantee	513,000	7/1/13	6/30/14	(176,367)	176,367					
Adult Basic Skills	84.002	Lead Agent	126,653	7/1/14	6/30/15		84,286	(126,653)		(42,367)		
Adult Basic Skills	84.002	Lead Agent	229,326	7/1/13	6/30/14	(14,097)	14,097					
Adult Basic Skills	84.002	Lead Agent	406,477	7/1/10	6/30/11	4,882					4,882	
Special Revenue Fund - U.S. Department of Education						(321,412)	799,600	(711,713)	17,088	(251,135)	17,610	17,088
U.S. Department of Labor:												
Passed-Through Salem County One-Stop Management Team:												
Workforce Investment Act (In School)	17.250	WIA-269-2012-02	67,392	9/1/11	8/31/12	793						793
Workforce Investment Act (Out of School)	17.250	WIA-269-2013-01	42,166	9/1/12	8/31/13	1,348						1,348
Total U.S. Department of Labor						2,141						2,141
Total Special Revenue Fund						(319,271)	799,600	(711,713)		(251,135)	19,751	17,088
Enterprise Fund:												
U.S. Department of Agriculture:												
Passed Through State Department of Education:												
Food Distribution Program	10.565	N/A	17,335	7/1/14	6/30/15		17,335	(17,335)				
Food Distribution Program	10.565	N/A	16,470	7/1/13	6/30/14	2		(2)				
National School Breakfast Program	10.553	N/A	18,540	7/1/14	6/30/15		16,897	(18,540)		(1,643)		
National School Breakfast Program	10.553	N/A	16,666	7/1/13	6/30/14	(1,774)	1,774					
National School Lunch Program	10.555	N/A	81,695	7/1/14	6/30/15		75,691	(81,695)		(6,004)		
National School Lunch Program	10.555	N/A	85,651	7/1/13	6/30/14	(7,092)	7,092					
Total U.S Department of Agriculture and Enterprise Funds						(8,864)	118,789	(117,572)		(7,647)		
Total Federal Financial Assistance						\$ (328,135)	\$ 918,389	\$ (829,285)	\$ 17,088	\$ (258,782)	\$ 19,751	\$ 17,088
(A) Canceled / Adjustment												

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2015

EXHIBIT K-4

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2014	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2015			Memo	
			From	To	Unearned Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at 6/30/15	Budgetary Receivable June 30, 2015	Cumulative Total Expenditures
State Department of Education (State Aid):													
General Fund:													
Special Education Aid	14-495-034-5120-089	\$ 391,823	7/1/13	6/30/14	\$ (45,664)	\$ 45,664							\$ 391,823
Special Education Aid	15-495-034-5120-089	391,823	7/1/14	6/30/15		352,649	\$ (391,823)		\$ (39,174)			\$ (39,174)	(391,823)
Equalization Aid	14-495-034-5120-078	4,180,454	7/1/13	6/30/14	(406,652)	406,652							4,180,454
Equalization Aid	15-495-034-5120-078	4,180,454	7/1/14	6/30/15		3,762,493	(4,180,454)		(417,961)			(417,961)	(4,180,454)
Security Aid	14-495-034-5120-084	22,326	7/1/13	6/30/14	(7,051)	7,051							(22,326)
Security Aid	15-495-034-5120-084	22,326	7/1/14	6/30/15		20,094	(22,326)		(2,232)			(2,232)	(22,326)
PARCC Readiness Aid	15-495-034-5120-098	7,820	7/1/14	6/30/15		7,038	(7,820)		(782)			(782)	(7,820)
Per Pupil Growth Aid	15-495-034-5120-097	7,820	7/1/14	6/30/15		7,038	(7,820)		(782)			(782)	(7,820)
Additional Adjustment Aid	15-495-034-5120-085	1	7/1/14	6/30/15		1	(1)						(1)
Reimbursed TPAF Social Security Contrib.	15-495-034-5095-002	241,813	7/1/13	6/30/14	(11,541)	11,541							(242,301)
Reimbursed TPAF Social Security Contrib.	14-495-034-5095-002	247,361	7/1/14	6/30/15		223,694	(247,361)		(23,667)				(247,361)
Total General Fund					(470,908)	4,843,915	(4,857,605)		(484,598)			(460,931)	(549,955)
Special Revenue Fund:													
State Department of Education:													
Carl D. Perkins - Post Secondary	PERK464015	96,129	7/1/14	6/30/15		58,513	(60,013)	\$ 12,317	\$ (1,500)		\$ 12,317		(60,013)
Carl D. Perkins - Post Secondary	PERK464014	94,805	7/1/13	6/30/14	(77,328)	77,328							
Carl D. Perkins - Post Secondary	PERK464013	85,768	7/1/12	6/30/13	30					\$ 30			
Total State Department of Education					(77,298)	135,841	(60,013)	12,317	(1,500)	30	12,317		(60,013)
State Department of Labor:													
Opportunity for NJ	O4J-FY13-005-028	300,000	10/1/13	9/30/14	(13,155)	88,478	(75,323)						(75,323)
Total State Department of Labor					(13,155)	88,478	(75,323)						(75,323)
State Department of Human Services:													
School Based Youth Services	SBYS14XXSP	278,182	7/1/13	6/30/14	30,324					17,942	12,382		
Total State Department of Human Services					30,324					17,942	12,382		
Total Special Revenue Fund					(60,129)	224,319	(135,336)	12,317	(1,500)	17,972	24,699		(135,336)
Enterprise Fund:													
State School Lunch Program	15-100-010-3350-023	2,416	7/1/14	6/30/15		2,181	(2,416)		(235)				
State School Lunch Program	14-100-010-3350-023	2,201	7/1/13	6/30/14	(318)	318							
Total Enterprise Funds					(318)	2,499	(2,416)		(235)				
Total State Financial Assistance Subject to OMB 04-04/15-08					\$ (531,355)	\$ 5,070,733	\$ (4,995,357)	\$ 12,317	\$ (486,333)	\$ 17,972	\$ 24,699	\$ (460,931)	\$ (685,291)
On Behalf TPAF Contributions Not Subject to OMB 04-04/15-08													
On Behalf Pension Contributions	15-495-034-5095-006	168,017	7/1/14	6/30/15		\$ 168,017	\$ (168,017)						
On Behalf TPAF Post Retirmt. Medical	15-495-034-5095-001	266,727	7/1/14	6/30/15		266,727	(266,727)						
Total State Financial Assistance						\$ 5,505,477	\$ (5,430,101)						

(A) Canceled / Adjustment
 (B) Prior Year Encumbrance Canceled

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Salem County Vocational Technical School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits for States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.*, 18A:22-44.2.

The net adjustment was (\$1,564) to reconcile from the budgetary basis to the GAAP basis for the general fund and an adjustment in the special revenue fund of \$19,855. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2014

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 5,290,785	\$ 5,290,785
Special Revenue Fund	711,713	152,397	864,110
Food Service Fund	<u>117,572</u>	<u>2,416</u>	<u>119,988</u>
Total Awards & Financial Assistance	\$ <u>829,285</u>	\$ <u>5,445,598</u>	\$ <u>6,274,883</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Salem County Vocational Technical School District has one outstanding short-term loan, resulting from the timing difference in the 19th and 20th state aid payments and other receivables. The loan was approved in the amount of \$460,334 for principal and \$656 for interest through July 8, 2015.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: MAJOR PROGRAMS

The award designated as a major program is identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 9: ADJUSTMENTS

There was an adjustment of \$12,317 reflected on Schedule B of the State Financial Assistance and an adjustment of \$17,088 on schedule A of Federal Awards.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? X yes no
- 2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? X yes no
- 2) Significant deficiencies identified? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X yes no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.002	Workforce Development – Adult Basic Skills

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? yes X no

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? _____ yes X no

Internal control over major programs:

1) Material weakness (es) identified? X yes _____ no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 and/or 15-08 X yes _____ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Special Education Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-085	Adjustment Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-098	PARCC Readiness
15-495-034-5094-003	Reimbursed TPAF Social Security Contributions

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding: 2015-1

Criteria or specific requirement:

N.J.S.A. 18A: 17-19 states that the chief school administrator or board designee other than the secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

Condition:

Bank transfers between the Regular Account and Payroll Agency were not always in agreement with amounts reflected in the Client's accounting software program.

Context:

Numerous non-reconciling items were reflected on the Treasurer's bank reconciliations, resulting from discrepancies between actual bank transfers and amounts reflected in the Client's accounting software program.

Effect:

Reconciliation discrepancies resulted between the Board Secretary's Report and Treasurer's Report.

Cause:

Insufficient monitoring of bank transfer duties resulting in general ledger posting errors.

Recommendation:

Procedures to record bank transfers between the General Account and Payroll Agency should be reviewed and revised, in order to ensure that actual bank transfers agree to amounts recorded in the Client's accounting software program.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section II - Financial Statement Findings (continued)

Finding: 2015-2

Criteria or specific requirement:

N.J.S.A. 18A: 17-19 states that the chief school administrator or board designee other than the secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

Condition:

The Treasurer's records were not in agreement with the records of the Board Secretary or in agreement with the reconciled cash balance as determined during the audit.

Context:

The aggregate cash balance of all Governmental and Proprietary Funds was not in agreement with June 30, 2015 bank reconciliation.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2015.

Cause:

Insufficient oversight.

Recommendation:

All bank accounts should be properly reconciled and in agreement with the records of the Board Secretary.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section II - Financial Statement Findings (continued)

Finding: 2015-3

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulate that allowable expenditures be properly recorded under the Grant or budget line items and accurately reflected on the appropriate periodic reports.

Condition:

The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable for Title I.

Context:

Allocation of certain expenditures were not properly recorded in the records or accurately reported on the various reports to the Board of Education and N.J. Department of Education.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2015.

Cause:

An adequate review of ending accounts receivable and unearned revenue, within the Special Revenue Fund, was not performed prior to the year-end financial close-out.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable should be conducted, in order to provide complete and accurate balances for the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section II - Financial Statement Findings (continued)

Finding: 2015-4

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulate that allowable expenditures be properly recorded under the Grant or budget line items and accurately reflected on the appropriate periodic reports.

Condition:

The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable for IDEA, Perkins Secondary and the Opportunity for New Jersey grants.

Context:

Allocation of certain expenditures were not properly recorded in the records or accurately reported on the various reports to the Board of Education and N.J. Department of Education.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2015.

Cause:

An adequate review of ending accounts receivable and unearned revenue, within the Special Revenue Fund, was not performed prior to the year-end financial close-out.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable should be conducted, in order to provide complete and accurate balances for the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

Section II - Financial Statement Findings (continued)

Finding: 2015-5

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulate that allowable expenditures be properly recorded under the Grant or budget line items and accurately reflected on the appropriate periodic reports.

Condition:

Certain prior period expenditures for the Perkins Secondary and Post Secondary Grant's were deemed unallowable, thus requiring remittal of reimbursements received from these charges. In addition, funds received by the District for the 2012-13 School Based Youth Services grant, exceeded actual expenditures for the specified grant period.

Context:

A review of the Perkins Secondary and Post Secondary grants revealed \$17,452 of prior period expenditures to be unallowable. In addition, it was determined the School Based Youth Services grant required a reimbursement of \$12,382 for unspent funds received during the 2012-13 grant period.

Effect:

Remittal of grant receipts was required.

Cause:

An adequate review of expenditures associated with the Perkins Secondary, Perkins Post Secondary and School Based Youth Services Grants was not performed.

Recommendation:

Procedures to determine allowable expenditures per grant should be reviewed and strengthened, in order to ensure ending balances reflected in the Grant fund are complete and accurate.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section II - Financial Statement Findings (continued)

Finding: 2015-6

Criteria or specific requirement:

In accordance with N.J.A.C. 6A:23A-16.10(a)(2), a District Board of Education shall only approve the recording of revenues when measurable and available, in accordance with accounting principles generally accepted in the United States of America (GAAP), unless otherwise authorized pursuant to N.J.S.A. 18A22:-44.2(a).

Condition:

Accounts receivable for various tuition and other revenue billings in the BCCEC/ETTC Enterprise Fund did not appear to be properly reviewed for collection or other proper disposition.

Context:

The BCCEC/ETTC Enterprise Fund required a cancellation of certain prior period accounts receivables, upon determining certain balances to be uncollectible.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2015.

Cause:

An adequate review of ending accounts receivable, within the BCCEC/ETTC Enterprise Fund, was not performed prior to the year-end financial close-out.

Recommendation:

Additional efforts should be made to strengthen internal control over accounts receivable in the enterprise funds, in order to determine collectability, as well as remove items through proper disposition including revenue recognition in other funds.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

FEDERAL AWARDS

Finding: 2015-7

Information on the Federal program:

Workforce Development – Adult Basic Skills (84.002)

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulate that allowable expenditures be properly recorded under the Grant or budget line items and accurately reflected on the appropriate periodic reports.

Condition:

The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable and unearned revenue for Workforce Development – Adult Basic Skills.

Questioned Costs:

None.

Context:

Allocation of certain expenditures were not properly recorded in the records or accurately reported on the various reports to the Board of Education and N.J. Department of Education.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2015.

Cause:

An adequate review of ending accounts receivable and unearned revenue, within the Special Revenue Fund, was not performed prior to year-end financial close-out.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable and unearned revenue should be conducted, in order to provide complete and accurate balances for the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

FEDERAL AWARDS

Finding: 2015-8

Information on the Federal program:

Workforce Development – Adult Basic Skills (84.002)

Criteria or specific requirement:

N.J.S.A. 18A:66-90 requires reimbursement of TPAF/FICA payments made by the State on-behalf of the for those employees whose salaries are identified as being paid from federal funds to made within 90 days of year-end.

Condition:

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days).

Questioned Costs:

None.

Context:

The 2014-15 TPAF reimbursement included Adult Basic Skills wages for one teacher.

Effect:

The TPAF reimbursement was not submitted within the 90 day statutory period.

Cause:

Inadvertent oversight.

Recommendation:

The district should adopt internal control procedures designed to ensure that reimbursements of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are remitted within the statutory 90 day liquidation period.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs (continued)**

STATE FINANCIAL ASSISTANCE

Finding: 2015-9

Information on the State program:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Adjustment Aid	495-034-5120-085
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

Districts are required by the N.J. Dept. of Education Division of Finance to properly complete an ASSA report (Application for State School Aid), including workpapers that document the compilation of data and provide an audit trail for testing such data.

Condition:

During our examination of the ASSA Report, we noted one student that was counted twice, which was the result of a name change.

Questioned Costs:

None.

Context:

ASSA information is utilized by New Jersey State Department of Education, to calculate the amount of aid a school is entitled to, based on state statute and related formulas.

Effect:

The proper information was not available for the New Jersey State Department of Education to calculate the correct amount of school aid.

Cause:

Inadvertent oversight.

Recommendation:

Procedures to account for and report the number of students on roll should be reviewed and revised, in order to ensure future student enrollment data is accurate.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior - year findings related to the general - purpose financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2014-2

Condition: Various cash receipts and expenditures in the Workforce Development - Adult Basic Skills, were not properly recorded, resulting in numerous adjustments to be made as part of the Audit. This includes allocation of payroll charges between the grant fund and enterprise funds.

Current Status: Unresolved, see finding 2015-1.